AGENDA

HEALTH SERVICES AND DEVELOPMENT AGENCY

Legislative Plaza
Room 12
Sixth Avenue North & Union Street
Nashville, TN
Wednesday, July 25, 2012
8:30 a.m. CDT

- I. CALL TO ORDER
- II. DIRECTOR'S ANNOUNCEMENTS
- III. ELECTION OF OFFICERS
 - A. Election of Chair and Vice-Chair
- IV. STATE HEALTH PLAN UPDATE
 - A. Update: Jeff Ockerman, Director of Health Planning, Department of Health
- V. CERTIFICATE OF NEED APPLICATIONS
 - A. Rainbow Home Health, LLC, Ashland City (Cheatham County), TN CN1203-013
 The establishment of a home care organization to provide home health services in Cheatham County. The office is to be located at 112 Frey Street, Ashland City (Cheatham County), TN 37015
 - \$ 27,950.00

Opposition: SunCrest Healthcare, Inc.; NHC HomeCare, Springfield & NHC HomeCare, Columbia; Gentiva Health Services

DEFERRED FROM THE JUNE MEETING

- B. Overton County Nursing Home, Livingston (Overton County), TN CN1204-017 Modification and renovation to the existing 160-bed nursing home. The project includes the construction of a new building behind the existing facility which will include 30 private rooms but will not increase the licensed bed capacity of the facility. Renovations include cosmetic upgrades to the existing facility.
 - \$ 6,344,844.00
- C. Reeves Eye Surgery Center, Johnson City (Washington County), TN CN1204-018

 The establishment of a single-specialty ambulatory surgical treatment center (ASTC) limited to ophthalmology. It will have one (1) operating room and one (1) laser procedure room. The project does not contain major medical equipment or initiate or discontinue any other health service; and will not affect any licensed bed complements.
 - \$ 1,266,514.00

DEFERRED TO THE AUGUST MEETING

VI. GENERAL COUNSEL'S REPORT

A. Vanderbilt Health Services dba Vanderbilt Maury Radiation Oncology LLC, Spring Hill (Maury County), TN — CN1012-053A

The project was approved on February 23, 2011 for the relocation of a proposed health care facility in the previously approved but unimplemented Certificate of Need (CN0804-024A) for construction of a single specialty ambulatory surgical treatment center (ASTC) limited to the initiation of megavoltage radiation therapy services. The project cost was \$7,980,617.

The following requests are made at this time:

- 1) Change of Ownership. Vanderbilt Maury Radiation Oncology, LLC was inadvertently established under a provision of TN law that prohibits more than one member; the CON application contemplated two owners (Vanderbit University Medical Center and Maury Regional Medical Center). Request is being made to transfer ownership to another limited liability company to enable both parties to be members, as described more fully in Dan Elrod's letter, dated June 28, 2012. The new owner would ultimately change its name to "Vanderbilt Maury Radiation Oncology LLC."
- 2) Change of Control. The CON application described the intent for Maury Regional Medical Center to be a 50% owner of the facility. The parties now desire to make Maury Regional Medical Center a 60% owner, with Vanderbit University Medical Center owning the remaining 40%.

B. Contested Case Update

VII. OTHER BUSINESS

- A. HSDA Members In-Service:
 - 1) State Audit Requirements—Art Hayes, State Audit Director, TN Comptroller of the Treasury:
 - a. Discussion of types of Audits including Performance, Financial & Compliance, and Risk-based;
 - b. Sunset Public Hearing Process; and
 - c. Audit Committee Requirements.
 - 2) Accessing On-line Board Materials—Art Colebank, Digital Imaging Manager, Department of General Services.
- VIII. MINUTES
 - IX. ADJOURNMENT

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING JUNE 27, 2012 APPLICATION SUMMARY

NAME OF PROJECT:

Rainbow Home Health, LLC

PROJECT NUMBER:

CN1203-013

ADDRESS:

112 Frey Street

Ashland City (Cheatham County), Tennessee 37015

LEGAL OWNER:

Vicky Lynn Bates, Jana Ayers, Jacy Ayers

112 Frey Street

Ashland City (Cheatham County), Tennessee 37015

OPERATING ENTITY:

Not Applicable

CONTACT PERSON:

Joy Forshee

(580) 212-7801

DATE FILED:

March 8, 2012

PROJECT COST:

\$27,950.00

FINANCING:

Cash Reserves

PURPOSE FOR FILING:

Establishment of a home care organization and the

initiation of home health services

DESCRIPTION:

Rainbow Home Health, LLC is seeking approval to establish a home care organization and initiate home health services in Cheatham County.

Note to Agency members: Rainbow Home Health filed a similar application (CN1111-045) in November 2011 and was denied at the February 2012 Agency meeting. More details regarding this application can be found at the end of this summary. The transcript from that hearing is attached to the end of this summary.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

HOME HEALTH SERVICES

- 1. The need for home health agencies/services shall be determined on a county by county basis.
- 2. In a given county, 1.5 percent of the total population will be considered as the need estimate for home health services in that county.
 - The 1.5 percent formula will be applied as a general guideline, as a means of comparison within the proposed service area.
- 3. Using recognized population sources, projections for four years into the future will be used.
- 4. The use rate of existing home health agencies in the county will be determined by examining the latest utilization rate as calculated in the Joint Annual Report of existing home health agencies in the service area.

Based on the number of patients served by home health agencies in the service area, an estimation will be made as to how many patients could be served in the future.

Following Steps 1-4 above the Department of Health report that is based on 2011 data, indicates that 665 service area residents will need home health care in 2016; however 829 patients are projected to be served in 2016 resulting in a net excess of 164. It appears that this application does <u>not</u> meet the criterion.

- 5. Documentation from referral sources:
 - a. The applicant shall provide letters of intent from physicians and other referral sources pertaining to patient referral.

The applicant provides a letter from a physician practicing in Cheatham County who plans to be the proposed home health agency's medical director and expects to refer patients for home health services. The applicant also provides a letter from a physical therapist supporting the project. It appears that this application does meet this criterion

b. The applicant shall provide information indicating the types of cases physicians would refer to the proposed home health agency

and the projected number of cases by service category to be provided in the initial year of operation.

The physician practicing in Cheatham County expects to refer 15-25 patients annually for home health services. It appears that this application <u>does</u> meet this criterion

c. The applicant shall provide letters from potential patients or providers in the proposed service area that state they have attempted to find appropriate home health services but have not been able to secure such services.

The applicant also provides a petition from residents of Cheatham County supporting the project and several letters from area residents indicating an inability to find home health services in their community. It appears that this application <u>does</u> meet this criterion

d. The applicant shall provide information concerning whether a proposed agency would provide services different from those services offered by existing agencies.

The applicant states that they will be the only home health agency based in Cheatham County and that demand for home health care is growing but does not indicate that the services to be provided will differ from services of existing providers. Since the services are not expected to differ from existing providers, it appears that the application does <u>not</u> meet this criterion

- 6. The proposed charges shall be reasonable in comparison with those of other similar facilities in the service area or in adjoining service areas.
 - a. The average cost per visit by service category shall be listed.
 - b. The average cost per patient based upon the projected number of visits per patient shall be listed.

The applicant provides the following information and notes that charges will be based on Medicare rates:

Service	Applicant's Proposed Charge
Skilled	\$116
Nursing	
Physical	\$128
Therapy	
Occupational	\$147.30
Therapy	
Speech Therapy	\$139.00
HH Aide	\$51.00

It appears that the applicant's charges should be comparable to other Medicare certified home health agencies. The applicant's projected average net charge per patient will be \$12,291. It appears that this application <u>will</u> meet this criterion.

SUMMARY:

Rainbow Home Health, LLC's (RHH) home office will be located at 112 Frey Street, Ashland City (Cheatham County). The applicant states the home health agency will provide physical therapy, speech therapy, occupational therapy, and skilled nursing services.

The applicant states Rainbow Home Health, LLC will be a sister company to a family owned and operated company in Oklahoma. The facility in Oklahoma has worked with Medicare, Medicaid, commercial insurance and private pay patients for seventeen years. It is also stated that this agency provides charity care whenever possible. RHH will be owned by three individuals: Vicki Bates (51%), Jana Ayers (24.5%), and Jacy Ayers (24.5%). The applicant expects to participate in Medicare. The applicant also states that RHH will apply at a later date for TennCare and that RHH will assist in treating the medically indigent and also those who do not qualify for TennCare.

The Department of Health Report displays tables that show total population and Age 65+ population trends by service area county. Some of the highlights of these tables are as follows:

- The 2012 total population in the service area (Cheatham County) is projected to be 42,222 increasing 5.1% to 44,357 in 2016. The overall rate of growth for total population in Tennessee is 3.4%.
- The Age 65+ population in 2012 for the service area is 4,657 projected to grow 17.0% to 5,449 in 2016. The Age 65+ population for the State of Tennessee overall during the same time period is projected to grow 12.4%.

- The Age 65+ population in the service area is expected to be equivalent to 12.3% of the total population. The Age 65+ population as a % of total population for the State of Tennessee overall is projected to be 15.0% in 2016.
- There are 6,103 TennCare enrollees in the service area which is equivalent to 14.5% of the total population. For the state of Tennessee overall the TennCare population is approximately 19% of the total population.

The applicant points out that no existing home health agency currently has a home office in Cheatham County. The Department of Health website identifies two home health agencies with satellite offices in Cheatham County, Intrepid US Healthcare Services and Suncrest Home Health. The applicant states that RHH has conducted extensive research in Cheatham County in order to determine the feasibility of establishing a successful home health agency. The research included visiting with county residents, establishing a dialogue with the local hospital administrator and determining the number of existing home health agencies. The applicant believes the research indicates that there is a need for RHH to be located in Cheatham County and that there is tremendous community support. The applicant provides a chart in the application identifying the distance and travel time to five communities in Cheatham County from the home office of existing home health providers and the applicant's proposed location. According to the applicant's chart, distances to these communities from other home health providers range from:

- 31 minutes/26 miles to 143 minutes/112 miles to Ashland City. The applicant will be based in Ashland City.
- Ranges for existing providers to Chapmansboro are 32 minutes/20 miles to 154 minutes/121 miles. The applicant will be 10 minutes/8 miles to Chapmansboro.
- Existing provider ranges to Kingston Springs is 31 minutes/23 miles to 125 minutes/112 miles. The applicant will be 30 minutes/19 miles
- Ranges for existing providers to Pegram are 24 minutes/18 miles to 130 minutes/107 miles. The applicant will be 23 minutes/15 miles.
- Ranges for existing providers to Pleasant View are 26 minutes/16 miles to 136 minutes/113 miles. The applicant will be 22 minutes/11 miles.

It is unknown as to whether any of the existing home health providers have any clinical staff residing in or near Cheatham County.

The applicant also provides petitions from members of the community and letters of support from a local bank, the Cheatham County Chamber of Commerce, a local director of Economic and Community Development, and the County Mayor.

The Department of Health Report, page 2, displays the calculation of the current home health formula for Cheatham County. The overall result for the service area is that 164 more patients are projected to receive care in 2016 than the need formula demonstrates. The net surplus figure above is based on that 665 service area residents will need

home health care in 2016; however 829 patients are projected to be served resulting in a net excess of 164. The need formula is based on the premise that 1.5% of the total population projected for Cheatham County in 2016 will need home health services.

The trend of home health patients served in Cheatham County is presented in the table below:

County	#Agencies Licensed to Serve (2011)	#Agencies that Served (2011)	2009 Home Health Patients	2010 Home Health Patients	2011 Home Health Patients	'09-'11 % Change
Cheatham	30	21	832	744	769	-7.6%
TOTAL	30	21	832	744	769	-7.6%

The chart above demonstrates there has been a 7.6% decrease in home health patients served from the service area between 2009 and 2011.

There are thirty home health agencies that are licensed to serve the proposed service area of Cheatham County. The first of the following two charts identifies home health patients served by the agencies licensed to serve Cheatham County. The second chart identifies each agency's market share (agency patients from service area/total service area patients) and patient origin (agency service area patients/agency total patients).

2011 HOME HEALTH UTILIZATION BY COUNTY

Agency/Home Office County	Cheatham County Patients						
Alere Women's and Children's/Davidson	1						
Amedysis HH/Davidson (C.Bend)	27						
Amedysis HH/Davidson (G.Echo)	39						
Amedysis HH/Davidson (C. Bend 2)	X						
Continuous Care Services/Davidson	43						
Elk Valley Health Services/Davidson	1						
Friendship Home Health Care/Davidson	X						
Friendship Private Duty/Davidson	X						
Gentiva Health Services/Davidson	48						
Home Care Solutions/Davidson	20						
Home Health Care of Middle TN/Davidson	122						
Innov. Sen. Care (US Bioservices)/Davidson	X						
Intrepid USA Healthcare/Davidson	20						
Maxim Healthcare/Davidson	2						
Suncrest Home Health/Davidson	136						
Vanderbilt Comm. & Home/Davidson	28						
Vanderbilt Home Care Services/Davidson	16						
Willowbrook Home Health/Davidson	119						
CareSouth of Winchester/Franklin	38						
Henry County MC Home Health/Henry	X						
Careall Homecare/Maury	X						
NHC Homecare/Maury	10						
Gateway Home Health/Montgomery	8						
Suncrest HH/Montgomery	X						
Lifeline Home Health/Robertson	16						
NHC Homecare/Robertson	46						
Guardian Home Care/Williamson	27						
*Walgreens Option Care/Williamson	X						
Careall/Wilson	2						
Gentiva f/k/a Donelson Home Health	X						
TOTAL	769						

X-Licensed to Serve but did not serve any patients in 2011. *Affiliated with Vanderbilt Home Care

The chart above reveals that there were 30 home health agencies licensed to serve Cheatham County in 2011.

- Nine agencies did not serve any patients in 2011.
- Five of the remaining 21 agencies served less than 10 patients.
- Thirteen agencies served between 10 and 50 patients.
- No agencies served 50-100 patients.
- Three agencies served more than 100 patients

2011 Home Health Agency Service Market Share and Patient Origin

Agency/County	Agency Patients From Service Area	% Market Share	Total Patients Served	Service Area Patient Origin		
Alere/Davidson	1	0.13%	140	0.71%		
Amed. HH/Davidson (CB1)	27	3.51%	2,834	0.95%		
Amed. HH/Davidson (GE)	39	5.07%	1,538	2.54%		
Amed. HH/Davidson (CB2)	0	0.00%	0	0.00%		
Continuous Care/Davidson	43	5.59%	905	4.75%		
Elk Valley/Davidson	1	0.13%	250	0.40%		
Friendship HH/Davidson	0	0.00%	0	0.00%		
Friendship PD/Davidson	0	0.00%	10	0.00%		
Gentiva/Davidson	48	6.24%	1,239	3.87%		
Home Care Sol./Davidson	20	2.60%	2,192	0.91%		
HH of Mid. TN/Davidson	122	15.86%	4,246	2.87%		
Innovative Sen./Davidson	0	0.00%	73	0.00%		
Intrepid/Davidson	20	2.60%	644	3.11%		
Maxim/Davidson	2	0.26%	138	1.45%		
Suncrest/Davidson	136	17.69%	5,428	2.51%		
Vand. Comm./Davidson	28	3.64%	1,179	2.37%		
Vanderbilt HC/Davidson	16	2.08%	1,180	1.36%		
Willowbrook/Davidson	119	15.47%	3,088	3.85%		
Caresouth/Franklin	38	4.94%	1,395	2.72%		
Henry County MC/Henry	0	0.00%	355	0.00%		
Careall/Maury	0	0.00%	285	0.00%		
NHC/Maury	10	1,30%	2,212	0.45%		
Gateway/Montgomery	8	1.04%	1,050	0.76%		
Suncrest/Montgomery	0	0.00%	229	0.00%		
Lifeline/Robertson	16	2.08%	289	5.54%		
NHC/Robertson	46	5.98%	867	5.31%		
Guardian/Williamson	27	3.51%	1,265	2.13%		
Walgreens/Williamson	0	0.00%	81	0.00%		
Careall/Wilson	2	0.26%	1,473	0.14%		
Gentiva f/k/a						
Donelson/Wilson	0	0.00%	1,705	0.00%		
TOTAL	769	100.00%	36,290	2.12%		

The chart above reveals the following market share information and patient origin information:

- Of the thirty home health agencies that are licensed in the service area counties, three agencies had market share in excess of 10%: Willowbrook/Davidson (15.5%), Suncrest/Davidson (17.7%), and Home Health of Middle Tennessee (15.9%). These three agencies accounted for over 49% of the market share. Four other agencies had market share of 5% or greater: Amedysis/GE (5.1%), Continuous Care (5.6%), Gentiva/Davidson (6.2%), and NHC/Robertson (6.0%)
- Of the thirty licensed home health agencies there was three agencies' patient origin greater than 4% dependent on the Cheatham County service area: Continuous Care (4.8%), NHC/Robertson (5.3%), and Lifeline/Robertson (5.5%).

Note to Agency members: Patient origin for the above table is the number of patients from Cheatham County that each home health agency sees as a percentage of all patients seen by the agency. This percentage measures the dependence that an Agency has on Cheatham County patients and should be used as a determinant on how a new home health provider in Cheatham County might impact an existing home health agency. For example, there are no home health agencies where Cheatham County patient origin was greater than approximately 5% of their patients. This means that patients seen by those agencies not residing in Cheatham County accounted for 95% or more of their patients.

The three year utilization trend for the thirty agencies based on total patients regardless of patient origin is presented in the table below:

HOME HEALTH AGENCY TRENDS, 2008-2010

Agency/County	2009 Total	2010 Total	2011 Total	% Change
	Home Health	Home Health	Home Health	' 09-'11
	Patients	Patients	Patients	
Alere/Davidson	610	349	140	-77.05%
Amed. HH/Davidson (CB1)	3,032	2,881	2,834	-6.53%
Amed. HH/Davidson (GE)	1,129	1,433	1,538	36.23%
Amed. HH/Davidson (CB2)	631	701	0	NA
Continuous Care/Davidson	731	788	905	23.8%
Elk Valley/Davidson	729	547	250	-65.71%
Friendship HH/Davidson	772	769	0	-50.29%
Friendship PD/Davidson	0	9	10	NA
Gentiva/Davidson	1,629	1,345	1,239	-23.94%
Home Care Sol./Davidson	2,065	2,140	2,192	6.15%
HH of Mid. TN/Davidson	3,457	4,017	4,246	22.82%
Innovative Sen./Davidson	72	74	73	1.39%
Intrepid/Davidson	357	386	644	80.39%
Maxim/Davidson	77	154	138	79.22%
Suncrest/Davidson	2,928	4,728	5,428	85.38%
Vand. Comm./Davidson	1,173	1,155	1,179	0.51%
Vanderbilt HC/Davidson	885	1,049	1,180	33.33%
Willowbrook/Davidson	2,867	3,413	3,088	7.71%
Caresouth/Franklin	1,013	1,229	1,395	37.71%
Henry County MC/Henry	515	474	355	-31.07%
Careall/Maury	367	354	285	-22.34%
NHC/Maury	2,090	2,150	2,212	5.84%
Gateway/Montgomery	873	873	1,050	20.27%
Suncrest/Montgomery	438	44	229	-47.72%
Lifeline/Robertson	335	325	289	-13.73%
NHC/Robertson	664	830	867	30.57%
Guardian/Williamson	1,040	1,382	1,265	21.63%
Walgreens/Williamson	33	14	81	145.45%
Careall/Wilson	1,765	1,680	1,473	-16.54%
Gentiva f/k/a				
Donelson/Wilson	2,012	1,931	1,705	-15.26%
TOTAL	34,289	37,224	36,290	5.84%

The results of the above table indicate the following:

- Home health patient volume overall increased for these agencies by almost 6% between 2009 and 2011.
- Seventeen of the thirty agencies experienced increased volume between 2009 and 2011.

The applicant is projecting to serve 22 patients the first partial year of operation resulting in 2,808 skilled nursing visits and 760 other discipline visits totaling 3,568 visits, 60 patients during the first full year of operation resulting in 7,488 skilled nursing visits and 2,080 other discipline visits totaling to 9,568 visits, and 72 patients during the second year of full operation resulting in 8,944 skilled nursing visits and 2,456 other discipline visits totaling to 11,400 visits. The applicant bases projections mainly based on referrals from Dr. James Anderson, a physician practicing in Cheatham County and who has agreed to be the applicant facility's medical director, and other area physicians, nursing homes, referrals from physical therapists, other home health agency referrals, referrals from hospital discharge planners, and patient word-of-mouth.

Per the revised and corrected Projected Data Chart the project reflects a net profit of \$95,390 in the first full year of operation increasing to \$298,640 in the second full year of operation which is equal to approximately 19% of total gross operating revenues. The applicant states that RHH will not seek TennCare contracts initially so that the projected payor mix is 95% Medicare, 2% Private Pay, 2% Commercial Insurance, and 1% Other.

The project will be financed by cash available to the owners. The applicant provides a letter from the Executive Vice President of First Fidelity Bank in Oklahoma City, Oklahoma stating that one of the owners has \$900,000 in funds available.

The proposed staffing for the projects is as follows:

Proposed Staffing Pattern

Staff	FTEs
CEO.	1.0
CFO	1.0
Clerical	2.0
Registered Nurse	1.0
LPN	1.0
Home Health Aide	2.0
*Speech Therapy	1.0
*Physical Therapy	1.0
*Occupational Ther.	1.0
TOTAL	11.0

^{*}Contracted

Per the revised Project Cost Chart the total project cost is \$27,950.00. The major cost components are the fair market value of the leased space (\$13,200) and movable equipment (\$11,750).

If approved, the applicant will obtain licensure from the Tennessee Department of Health.

The applicant has submitted the required corporate documentation, and property documentation. HSDA staff will have a copy of these documents available for member reference at the Agency meeting. Copies are also available for review at the Health Services and Development Agency office.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, pending applications, or outstanding certificates of need for this applicant.

Denied Applications

CN1111-045D, Rainbow Home Health, was denied at the February 22, 2012 Agency meeting. The application was for the establishment of a home care organization and the initiation of home health services in Cheatham County. Estimated project cost was \$262,600.00. Reason for Denial: Applicant did not understand the need, there was a concern with the economic feasibility of the project based on the numbers provided, and the orderly development of health care was too subjective.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

MAF 06/04/2012

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Livingston.
             So I would urge the Agency to do
   some further whittling on this in terms of --
   if you're really trying to address the
   isolated situations in our view, Jackson and
   Overton should not be part of that.
             MR. JOHNSON: Thank you, Mr. Elrod.
   Mr. Wright.
             MR. WRIGHT: I'm from Overton
   County. Highway 111 does run through the
   middle of the county, but there are many rural
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   areas in that county ...
            MR. JOHNSON: Further board
   discussion? Seeing none, then a motion is in
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   order Mr Lammert.
            MR. LAMMERT: Regarding CN1111-044.
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17 All Care Plus d/b/a Quality Hospice, for the
   establishment of a home care organization and
1.8
   the initiation of hospice services, I would
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   move for approval subject to the service area
   being changed to reflect all the counties with
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22 the exception -- all counties that were
23
   requested with the exception of Warren, Van
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Buren, White, Putnam, and Cumberland.

MR. LAMMERT: Yes.

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The applicant has demonstrated from KIDD COURT REPORTING (615)291-6565 173

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testimony this morning that there are areas of
   this service area that are not being well
   served by existing hospice providers. So
 4 there is a need. The economic feasibility
5 would be met by the owner's cash reserves.
   And this would contribute to orderly
   development by allowing these patients who are
   currently seeking services, hospice services,
  through home health organizations to truly
10 take advantage of the benefit of Medicare
   hospice and TennCare hospice, benefits that
11
12 are in place.
             MR. JOHNSON: Is there a second?
13
             MR. DOOLITTLE: Second.
1.4
             MR. JOHNSON: Second by
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16 Mr. Doolittle. Call the roll.
17
             MS. BOBBITT: Jordan?
             MS. JORDAN: Yes.
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19
             MS BOBBITT: Wright?
2.0
             MR. WRIGHT: Yes.
2.1
             MS. BOBBITT: Burns?
             MS. BURNS: Yes.
             MS. BOBBITT: Doolittle?
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24
             MR. DOOLITTLE: Yes.
2.5
             MS. BOBBITT: Lammert?
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KIDD COURT REPORTING (615)291-6565 174

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MS. BOBBITT: Johnson?
             MR. JOHNSON: Yes.
             MS. BOBBITT: Gaither?
             MR. GAITHER: No.
             MS. BOBBITT: Weaver?
             MS, WEAVER: Yes.
             MS. BOBBITT: Haik?
             DR. HAIK: Yes.
             MS. BOBBITT: Eight yes, one no.
1.0
             MR. JOHNSON: Motion passes.
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             MR. BAKER: Thank you, Mr. Chairman.
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             MR. JOHNSON: We're going to break
13
   for lunch for 30 minutes, and we'll return
14
15
   then.
16
             (Lunch break.)
             MR. KOELLA: We'll come back into
   order. Mr. Farber.
       MR. FARBER: Rainbow Home Health,
   LLC Ashland City, Cheatham County, CN111-045.
            This application is for the
21
   establishment of a home care organization and
the initiation of home health services in
24
   Cheatham County to be located at 112 Frey
25 Street, Ashland City, Cheatham County.
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Estimated project cost is $262,600.
            This application is opposed by NHC
   HomeCare, Springfield, and NHC HomeCare,
   Columbia, SunCrest Healthcare, and Willow
 5 Brook Home Health.
             Mr. Lammert is recusing on this
   application. Here on behalf of the applicant
   are Joy Forshee, Vicki Bates, and Jesse Ayers.
             MR. KOELLA: Is the opposition
10 present? Okay. Is there anyone else who
   wishes to speak on behalf of this application
11
   that is not part of it? Seeing none, please
12
13
   begin.
            MS: FORSHEE: Joy Forshee. I'm the
14
    acting DON for Rainbow Home Health, LLC.
15
             Good afternoon, I'm here
   representing Rainbow Home Health. We are a
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18 company that has come into Tennessee that is
19 very interested in establishing our home
   health care in Cheatham County. We have done
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   extensive research in Cheatham County, talking
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22 to potential patients, physicians, medical
23 directors, hospital staff, and economic
24 development, Chamber of Commerce. We've
25 talked to several people. Cheatham County, in
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our opinion, is an underserved county home-health-wise.

They do have companies that go into Cheatham County, but there's not a home base in Cheatham County. We have gone into Ashland City where we have established an address to begin services upon our CON approval.

What we want to do is to touch on the people who are in rural communities that aren't getting care, as we feel they deserve. The need is that we have -- in our CON application, you can see we have letters from 13 potential patients saving they are having a hard time getting services in Cheatham County. We also -- when we visited those patients -those potential patients, excuse me, they would relay to us that even, if they did have services, at many times they would call them and it would take 45 minutes to an hour to two hours and sometimes more to get services to

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We do have experience in rural communities. I am an acting DON, of course, but I am also a working DON. I see patients 25 in Oklahoma right now with our sister company.

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And when I see them, I go -- as I was hearing earlier, the hollers and the pig paths and the no-running water, nobody sees them, where there is not family to help them. I do a lot 5 of that.

I do feel like Cheatham County meets the same criteria with that because it is a 8 rural community, they do need people who are going to be quick responding to them, that are going to be ready to serve them at the drop of a hat.

We also spoke with the economic development in Cheatham County. There are potential senior citizen organizations coming in. The growth that is going to be in 2012, 16 there's a ground-breaking 55 and older 17 facility coming in. It's assisted living; 18 yet, they will still qualify for home health with the rules and regulations they set forth. They also see an influx of veterans coming in. 21 We're hoping to help with those also.

We have not applied for TennCare at 23 this time, but, upon CON approval, we were looking at that and researching that at this 25 time,

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We also feel like, again, there's a great need there and we need to get in there and help those patients that aren't receiving care at this time.

I feel very strongly about home health. I have an elderly mother, and I have a mentally handicapped sister who are receiving home health in Oklahoma right now. They are coming with me to Tennessee. Whether we get our CON approval, they're coming with me. And I want to make sure that my family is taken care of. And they're going to be in a rural setting, and I'm afraid that they won't be, because it is such a rural setting.

So this is what Rainbow Home Health wants to touch on. I have another gentleman here that would like to speak also for us.

MR. KOELLA: Thank you.

MR, AYERS: Good afternoon. I'm Senior Chief Jesse Ayers. I am currently serving in the United States Navy. I'm in the process of retiring with this company that we would like to start up in Cheatham County. We know that our opposition has only one 25 satellite office, which is in the northern

part of the county. That's the only office, that's currently located in Cheatham County.

Now, we will be strategically placed 4 in the central part of Cheatham County, which 5 is Ashland City, Tennessee. From that point, 6 we can reach just about every person inside of Cheatham County that has healthcare issues and 8 needs healthcare within about 20 to 25 9 minutes, based on our location in Ashland 10 City. That is going to be our home base; that 11 is going to be our home office. And we just plan on just maintaining that home base and 13 that office in Cheatham County.

We will open up satellite offices in other cities within Cheatham County. That is the only county we're going to focus on. We believe in quality, not quantity. And that's 18 the reason why we are focusing on Cheatham 19 County.

Again, I am currently in the process of retiring from the United States Navy. A 22 little bit of background, I have 20 years of 23 service. I'm a submariner by trade. But by profession I am a sonar technician. I also 25 have leadership abilities My current job

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that I'm in right now is naval personnel command, which is located in Millington, Tennessee And what I do is I am a placement coordinator for the Atlantic fleet. That's 14,000 submariners I deal with on a daily

So I know logistics, I know what it takes to take care of people, how to get people moved to other places and just what it costs to take care of our sailors in the fleet

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I also want to say thank you to the administration and the board for the programs that are being implemented in the state of Tennessee. I don't speak for all veterans, but we do applaud the benefits that you guys give to us as we retire from the military. And I chose Tennessee to be my retirement state based on those benefits that you guys have given us. And we do appreciate that.

MR. KOELLA: Thank you for your testimony and your service.

Is there anvone else wishing to speak on behalf of the application?

MS. BATES: Hi. I'm Vicki Bates,

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RN; owner, slash, administrator. I just wanted to tell you that the majority of my nursing career has been with geriatrics. I 4 had worked for the Department of Human Services years ago in Oklahoma and have been in home healthcare for over 20 years.

And like they were saying, that we 8 have been in Oklahoma and we have been placed in rural areas. And we know what it's like to 10 travel into these places that the majority of people really don't like to go because a lot 12 of times it's really not what you would call 13 cost effective to go see these patients. But 14 this is where our heart is. We're small town people, and we have a dedication to the 16 elderly.

And I guess you're wondering if 18 we're Oklahomans why we're here in Tennessee. And that's because we have decided that we 19 want to relocate and stay here for the rest of 20 21 your lives and retire here. And so we believe 22 that after research and talking to the 23 community there in Cheatham County that there is a need there and that the development in 25 that area, since it is right outside of a

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1 metropolitan area, that more than likely if things continue like it goes in all other areas, those areas have a tendency to grow. Because people move into those communities, they try to get their children out of inner city schools, and then the populations sort of explode.

And you just never know about those small areas outside of places like that because I can refer now to a small place that was once referred to as very small, and that is Bentonville, Arkansas. And as you know now, it's a metropolis.

But anyway, we just want to say that we're looking forward to the opportunity of being able to serve that community. We do believe that best services are when you have an office that is very close and in that county that you're servicing.

All the offices that we've had in the past in Oklahoma, that's what we've done. We put an office in that county, and we've 23 been there more easily and readily available and can understand what's going on because we hire people -- we hire nurses and secretaries

1 and other medical people that are right there in that community, just like we did in Oklahoma. And we appreciate the opportunity. 4 Thank you.

MR. KOELLA: Thank you very much. Is there anyone else who wishes to speak on behalf of the application? Seeing none, we'll have time for the opposition. 9 Since there are several people that want to 10 speak, please divide your 10 minutes 11 carefully. Thank you.

MS. OWENS: I don't think we're all going to speak unless we're spoken to, but my 14 name is Pam Owens. I'm with NHC HomeCare.

I'm a nurse, nurse practitioner. I've been in home care for 25 years, been with 17 NHC HomeCare about eight. We're speaking to 18 opposition to a new agency in Cheatham County 19 for several reasons.

By the way, appreciate your service. I think that we would love for new 22 people to come into the areas, and I think 23 that Cheatham County now is served well with home care. It's a very rural county. That's 25 how we specialize in home care, as far as NHC

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goes. We go into the rural counties. That's what we do. We do this all across Tennessee in every county.

We served 56 patients in Cheatham County in 2010, and we're currently actively marketing, educating patients there as well as surrounding counties. We serve the Cheatham County area with two offices, one out of Dickson and one out of Springfield. So we cover the north out of Springfield and the southern part out of Dickson.

The letters of support that we saw in the application relate no problem in placing patients. While many patients may request services, not all will qualify for services. And, of course, they all have to have orders from physicians and so forth.

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Our brick and mortar buildings are generally never visited by our patients. They rarely ask us where we are from, and we many 21 times have neighbors that are nurses that our 22 office may well be 20 miles from the actual nurse and where she lives. So she may work her way to the office or even not be in the 25 office, but once every couple of days or once

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a week depending on the patients served and the time served.

Our location just must be close enough to be able to recruit the proper 5 people; to be able to maintain them, educate them. We've got lots of online education and that sort of thing and telemonitors and, of course, cell phones and all the different types of technology. But as long as we have too the community support -- that's the 10 11 biggest thing we see as far as a local office, 12 is you do sometimes get additional community 13 support with them. But we try to maintain 14 many local people. We try to hire local people and not move someone from another area 16 into that local community.

In review of this application, 18 I also reviewed information on Rainbow Home 19 Health's Oklahoma office. Out of one office 20 there they serve 8800 square miles of 21 Oklahoma. One office. They also do not 22 provide physical therapy or occupational 23 therapy or social work services. All of these services are very important in the home care 25 that we provide in Tennessee and in all the

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states that we service. The 8800 squares miles is a fifth the size of Tennessee, and they service with one office. I don't know how they do it.

I'm concerned that Rainbow Home Health will try to provide home care in Tennessee without therapy and social work support and consider an additional 10-minute drive for our staff a nonissue when it comes to home care services in Cheatham County.

As far as financial need, the revenue and expense projections are flawed. According to their application, they are to serve 22 patients their first year. The revenue projections are extremely inflated, whereas the salaries of the total of eight 17 full-time individuals would average just at 18 \$15,000, a full-time employee, an average of about \$7 an hour.

Contribution of orderly development, the letters of support do not convey a lack of 22 ability to place qualified home care patients. 23 We never turn down a patient who meets the home care qualifications. If we for some 25 reason cannot bill their insurance or

something of that sort, then we are always able to place those patients to a preferred network provider of some sort.

Again, the -- another agency will cause us recruitment difficulties in the county. Those people that they hire just for Cheatham County and a few patients that might be available there to take care of would deter the staff that we would need and be able to help with other county areas.

So I would like to respectfully request denial of this Certificate of Need. Thank you,

MR. KOELLA: Thank you.

Does anvone else wish to speak in opposition?

MR. JONES: My name is Chris Jones. 18 I'm the Vice President of Operations with 19 SunCrest Home Health for Middle and East Tennessee and Kentucky. 20

In their letter or in their 22 application, they put forth -- they referenced 23 that there was one agency in Cheatham County, 24 and that is our agency. We have been there 25 right at four years. We currently carry a

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patient census of right around 107 patients.

I agree with them; you serve your population best when you're in that community. I was a home health nurse for several years, 5 and part of my frustration with visits was when I went out to do a visit, when I had to drive an hour to get to the patient, it really took away from the quality of care that we could provide to the patient.

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When I had the opportunity to join SunCrest and shape the ideals of that company, because it was a fairly new company, I really pushed that we had agencies in pretty much every county that we served. Sometimes it's not financially feasible and you have to group one or two together. But in the areas I serve, we either have an agency in every county that we have a CON for or we have two rural counties put together that have reasonable access to one another.

That was why we went to Pleasant View early on. We realized there were no agencies there. We realized there was a need we could fill there. And quite frankly, by going there it made it easier for us to

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recruit staff because people -- they were driving to Clarksville or they were driving to Nashville to work in an office or they were 4 working -- whether they worked in the office 5 all day or whether or not they were seeing patients, they were pulled in a lot of different directions.

We found a lot efficiency by 9 allowing them to stay in the same county, a 10 lot of job satisfaction. We have a very low turnover because people like -- I find people 12 like working in the communities that they're 13 in.

Pleasant View is a small community. Compared to some of the other communities we're in, it's actually bigger than some areas 17 that we serve. We have an office in Woodbury, 18 Cannon County, which is pretty rural. I think 19 it has about 13,000 population in that area. We also have an office in La Favette in rural 21 Macon County. And again, we've had most of 22 those offices in those locations several years 23 now and they function just fine.

We are, again, the largest provider 25 of home health services in that area. We have

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no trouble with staffing, and we were able to reach all of our patients in a reasonable time frame to the Pleasant View location.

They say they're going to be faster and more efficient. I just don't see that that's really any more feasible than what we already provide to that community. They projected in year one of their operations that there was an additional need to cover 22 patients. I could submit that we could handle those 22 patients right now, as we are currently staffed with no real challenges.

And as I also looked at the numbers, I realized they said there were 22 providers actively providing services to patients in that county. If you spread that out over those providers, that's really only one more additional patient per provider working in that community per year. It's just not a significant impact to that community, I don't feel.

They're currently not able to take TennCare patients, which is a significant part of the population in a rural area like that, that a lot of times are resource-challenged,

is what we find. So we have a TennCare contract. We work with Amerigroup and AmeriChoice. We provide private duty 4 services, sitter services, and even private pay companion services for those that can 6 afford it.

Our real goal is to try to cover as 8 much of the continuum of care or to partner with other resources in that community that 10 can. We work closely with the local hospice. 31 Some of those patients are appropriately reaching that level that we can transfer them 13 over. We also work well with the local 14 hospitals, and we have a medical director in 15 the Pleasant View community that works with us regularly.

On the Medicare side, one of the 18 concerns I have is that they do not have a 19 HealthSprings contract. All of the patients 20 that they're projecting over the age of 65, there are a lot of HMOs out there currently 22 that are really starting to take up a lot of 23 those traditional Medicare patients. They're 24 not going to be able to service those. We're 25 seeing those numbers increase continually from

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-- whether it's HealthSpring or Windsor or all those new plans coming into the HMOs, we currently carry contracts with all of those.

We provide services to basically any insurance in that area that we can. If we cannot send it to someone else locally, if we do not provide coverage for that insurance, then we will work out of network and do a one-patient agreement with most of those insurance companies to pick that patient up and just come up with the rate on a one-time rate, if we need to do that.

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I also want to mention we do work with the VA and service all of that population there as well, not only from a private duty 16 standpoint and skills standpoint, but also 17 from a non-skilled standpoint. If they need 18 sitting services or someone to come in and clean the house and make sure that they're 20 taking their medications appropriately on an 21 ongoing basis.

I just find that based on the numbers they have, what they're presenting, 24 it's just not financially feasible to open an office in that community with only 22 patients

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We will also work the VA services. With TennCare, we will be applying for TennCare as soon as possible. This was a learning process for us. Mr. Farber, I'm sure I called him very many times asking him questions. Ms. Hill. And I will probably continue to do that if this is something we

We do have a medical director in Cheatham County, and that's Dr. Reggie Anderson. He's ready to send patients to us. We did estimate 22 patients. We may get more; we may get less. We are ready to face what we need to face financially. We're prepared. We have a reserve. We're ready. I believe with this company all we have to do is show them what kind of care we are going to be able to do, and that number may be a lot more before it's over with, because we do give good care,

And also, he is right. Mr. Jones is right about serving your population. You do 22 need to serve your population in your community. They want that person. Today I've heard a million times about how they want --25 they're familiar with that home health nurse.

the first year, and even going up to 50 patients the next year. I've had as many as 11 offices that I've opened, and it just doesn't financially work.

MR. KOELLA: That's time, Thank you. Now there's five minutes for rebuttal. MS. FORSHEE: Joy Forshee.

In reference to Ms. Owen saying that 9 our Oklahoma office does not offer those 10 services, that is incorrect. We do have speech therapy, occupational therapy, wound 12 care nurses, IV therapy. We also will have a wound-care certified nurse in Tennessee, and 14 that will be me.

We also have six offices in the 16 state of Oklahoma. We have one main office 17 and five other branches.

We also want to respond with we do 19 want to increase the jobs in the county of 20 Cheatham. I understand she says they have 21 staffing there. Very much agreeable; a little 22 competition between staffing is fine for everybody. I think that makes your quality of care better. I think that helps with giving 25 quality of care to your patients.

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She becomes a part of that family. That's very much true. I mean, very much you become a part of their family.

They don't like strangers; I've 5 heard that today too. You're coming into their homes. They want that person coming into the home that they're familiar with, that's part of their community, knows about their community, knows what's going on, knows 10 the likes and dislikes of that community. That's just my opinion.

Also, we have a letter from the 13 economic director there in Cheatham County, 14 Mr. James Fenton. He's encouraging it because 15 there's going to be a growth. There's going 16 to be a growth in Cheatham County.

So that's pretty much it. I appreciate you guys listening to us. It was 19 very interesting today, and I have learned a lot, and I appreciate you very much.

> MR. KOELLA: Thank you very much. Questions by the board? I'll start with one while they're

24 molding their questions. This question is to 25 the applicant. Do you have any testimony

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regarding proof of inadequate services within that area or difficulty in accessing current

MS. FORSHEE: Joy Forshee. Yes, sir. I do have an informal research we performed. We went out into Cheatham County, spoke to the patients. These letters that we have from potential patients, there are six of them that say they have been unable to obtain home health services.

I do know Ms. Owens said that those letters didn't show that they weren't approved 13 for any other reason besides they just weren't approved or they didn't meet the criteria These patients, all of them were ill. Very many of them had COPD and CHF. There were some -- we did speak to a gentleman that just had brain surgery and had no idea how to get ahold of home health, no idea how to get anything done. He said, I don't know how to get all that done. So we actually did call 22 and help him get some names of services that were already available to him because we knew it was going to be a while before we would be 25 going.

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for the applicant.
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There is a letter in the application that indicates that one or more of the owners has substantial cash reserves in the order of \$900,000 to fund this W Yet, in the summary we've been given, there is a comment about the project cost chart. The major cost component is a 246,000-dollar reserve for one year's debt service. If the cash availability is not a question, is this debt service just a contingency, or am I reading this wrong? MS. BATES: Vicki Bates,

administrator, Rainbow Home Health.

No, there is no debt to the company whatsoever. And we had our Medicare CPA help us in gathering all our financials. And so I guess that was just -- I don't know exactly, but I guess it was just talking about the amount of money that would be spent in that first year. There is no debt, and we do have money available.

MR. DOOLITTLE: Thank you

MR. KOELLA: Ms. Jordan

24 MS. JORDAN: The staff summary on 25 page three, there's a chart that compares

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MR. KOELLA: Thank you.
           I would like to give NHC an
opportunity to respond to that issue as well.
Thank you.
          MS. OWENS: First off, the
information about the --
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MS. BOBBITT: State your name,

MS, OWENS: Can I respond to that?

MR. KOELLA: You need to give your 10 name to the court reporter, please. 11

12 MS, OWENS: I'm sorry. Pam Owens 13 MR. KOELLA: What we're talking 14 about is the accessibility of care within 15 Cheatham County.

MS. OWENS: Okay. The patients 17 that -- it says a lot that when the patient 18 needed care she was able to contact someone and get that care provided. So I would hope that any other patients that we saw that had 21 needed something, we could also call and get 22 that care provided.

> MR. KOELLA: Thank you. Other questions. Mr. Doolittle.

MR. DOOLITTLE: A financial question

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existing agency average charges to the applicant's proposed charge. And your charges seem to be significantly higher than the existing charges for these services that are listed. Can you give us some information on why that is?

MS. FORSHEE: Joy Forshee.

Yes, ma'am. We actually -- you're speaking about the difference from \$116 to 1602

MS. JORDAN: Yes.

MS. FORSHEE: Yes, ma'am, What I did, being new to the CON application, I went through the JARs and we did an average cost along with the CPA that was in Oklahoma. We had him average out the cost.

I did notice that some of the agencies were like \$84, \$64 per skilled nurse and on with the speech therapy and everything else. And then some went up to \$185. We went with 160 due to -- he figured it on an episode basis, end of episode where -- in Oklahoma, with our Medicare, we charge by episodes. And that's what he went with and then divided it out, and that's the number he gave me. And

Mr. Southwick.

that's what I went from. But I did notice that when Mr. Farber sent back my stuff. It did have it in there when I got my letter to come to the hearing. I noticed it was from 116 to 160 on our part. As we all know, that's not what we will get back from $Medicare_{\mathbb{H}}$ That's not what we feel we even will charge, because I don't think we had enough knowledge at that time to get that amount correct. 10 And do you want to say anything 11 12 about that, Vicki? MS. BATES: We will be reimbursed --13 MR. KOELLA: You've got to come up 14 15 here 1.6 MS, BATES: Yes, our charges will be 1.7 MR. KOELLA: You've got to give your 1.8 19 name for the court reporter. MS. BATES: Vicki Bates. Our 2.0 charges will be in line with what Medicare is

22 paying, and we do not charge any more than that. And it was just a confusion on the numbers, is what it was. 24 25 MR. KOELLA: Thank you.

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5 The charges was one.
             But since we're on that topic, can
   somebody walk me through -- I know we went
   through, I think, three different iterations
  of the projected data chart. So the last one
  that I looked at -- what I would like to do is
   have somebody walk me through their math as to
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12 how we get to the patient revenue side. I'm
13 referring to page 128.
             I had looked at charges, and I think
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   I see on page 40, page 114, and page 128 all
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  different projected data charts. So I'm
17 trying to get to an understanding of the
18 economic feasibility by understanding the
   revenue and then the bottom line projected.
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             So, for example, 2012, I see 60
21 patients, and I'm looking at projected gross
22 revenue of 969, and I'm getting down to about
23 737,450 after some contractual adjustments and
   charity care. So I want somebody to walk me
25 through the math as to how I get there.
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MR. SOUTHWICK: Just for the applicant I have several questions. I think,

that are there financially related as well.

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Okay. You're wanting to know how
they come up with that total?
         MR. SOUTHWICK: Yes, ma'am.
         MS: BATES: For each one of these
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MS. BATES: Vicki Bates.

MR. SOUTHWICK: Yes, ma'am.

MS. BATES: What the accountant did was he took an anticipated number of patients and took an anticipated revenue, which would be just an average of what the payment would be for that period, that month.

MR. SOUTHWICK: Can I ask it -- go ahead.

MS. BATES: It's going to be somewhere around \$2,000 a patient per month. The national average is a little higher than that, but somewhere in that midst. And I see he's used about 2,000

And what he's done is each month we've given the number of patients that we believe we'll be serving, and each period represents a month. And so when you see the number of patients, then you're seeing, what we believe, how many patients we'll be serving

at that time and then each month the amount of money that would be incurred for revenue each month. So for 22 patients, we were saying that we would incur \$45,000, and then the total would be 269 for that year. MR. SOUTHWICK: Okay What I wanted

to drill down on here is I think -- and maybe Mr. Farber can help me here. I think there's three different charts here. Is the last 10 one --

MR. FARBER: The last one is their most recent.

MR, SOUTHWICK: Most recent. So the 14 rest of the cones I should disregard?

MR. FARBER: Put aside. The one on 128 is their last submission 1.6

MR. SOUTHWICK: Okav. Ouick 18 question then for the opposition.

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MS. OWENS: Yes, sir. Pam Owens.

MR. SOUTHWICK: 2,000 per patient was about the national average. This is -- or 22 a little bit below the nation average. What 23 is the experience in this particular 24 marketplace given the payers concerned?

MS. OWENS: The average is 2100 per

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episode, which is a 60-day period of time versus 2100 per month. So they overstated the revenue

MR. SOUTHWICK: Okay. Could I then ask the applicant just so -- on page five I wanted to ask a question. On page five of the staff report there is a representation to the number of home health patients in 2008 through 2010.

I know from 2009 to 2010 it actually dropped by about 11 percent. So I'm already 12 trying to understand with respect to need, 13 which based on guidelines it is not met. But 14 I'm not using that as the sole source of truth here. But we did see a decline between 2009 and 2010, And I'm curious as to how you 17 considered that and any data we know from 2011 18 in terms of total patients cared for?

> MS. FORSHEE: Could you repeat that? MR, SOUTHWICK: Sure. That was a

I'm looking at a chart on page five 23 of the staff report. It shows in 2009 there were 832 patients served. In 2010 that number

25 dropped to 744, which, in round numbers, is a

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drop of 11 percent. So what I don't know is I don't know 2011 data, but I do compare that to what the guidelines suggest is the need, And that's what I'm struggling with; I'm trying to 5 determine need and I'm seeing a little bit of a decline. So I'm curious as to what had reversed that.

MS. FORSHEE: Joy Forshee.

Are you asking me, sir, where we got 10 this information? Is that what you're asking me?

MR. SOUTHWICK: Yes. Where did you 13 get the information, and what's different 14 that's reversing this decline?

MS. FORSHEE: I did ask from the statistical department in Tennessee for this 17 information. This is directly from there. I 18 believe in my CON it even states it's from 19 them.

The decline, I can't answer why 21 there was a decline, sir. I'm sorry.

MR. SOUTHWICK: Any further 23 information on 2011 you would be aware of in 24 terms of growth?

MS. FORSHEE: Not as growth, no,

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long question.

MR. SOUTHWICK: All the other questions have been answered. Thanks.

MR. KOELLA: While we're on the subject of financials, page 128, one more question to the applicant.

It has physician salaries and wages for both years at \$2400, total. If you could explain that number for me, because it's difficult to get a physician in my experience for less than \$100 an hour, even on a contract basis. So that's 24 hours in one year. Please explain that to me.

MS. FORSHEE: Joy Forshee.

What that was from, sir, was our medical director was the -- where we have a contract with him, that once we start with him 18 for his medical advice and his guidance with our diagnosis and charting, making sure we're doing the right things, was at \$600 per time we met with him.

MR. KOELLA: So you think you're going to meet him four times a year?

MS. FORSHEE: That's just what the 25 estimate was, ves, sir,

KIDD COURT REPORTING (615)291-6565 207

MR. KOELLA: Okay, Thank you. Ms. Burns.

MS. BURNS: I only have one question -- this might have been answered -for the applicant. Could you clarify what services you plan to provide?

MS. FORSHEE: Yes, ma'am. Joy Forshee.

Yes, ma'am, we will be contracting 10 with speech therapy, occupational therapy, physical therapy. We'll have a wound care nurse. Again, like I said, I will be getting my certification and am working on it right 14 now for wound care certification. I spoke with the hospital at length about that in working with them there in Ashland City to help with their wound care patients, whether 18 they're our home health or not.

We also will be doing IV therapy. 20 We will have wound-vac certified nurses. We're going to work with social services. 22 We're also going to try to work with -- you 23 know, obtain a list of sitters who can help 24 with sitting and getting that for the 25 patients. Thank you.

```
MR. KOELLA: Other questions? Okay
   Seeing none, there's an opportunity for
   summation. It's three minutes. The
   opposition goes first, and then the applicant
   has three minutes.
             MS. OWENS: Pam Owens. We don't
   need a summary.
             MR. KOELLA: SunCrest?
             MR. JONES: No.
             MR. KOELLA: Okay. The applicant
   has three minutes, or they can waive.
11
12
             MR. AYERS: Senior Chief Jesse
13
   Ayers, United States Navy.
             In summation, we know that Cheatham
14
   County needs the healthcare business there in
15
16
   Ashland City based on the personnel that we
   have gone out and polled. We have done a
   survey. We have received numerous signatures
1.8
   on our polls that we've done, and they do need
19
20
   the home healthcare business there in Ashland
   City They need the healthcare, and we know
21
   that we can provide it in a timely manner,
22
             MR. KOELLA: Thank you, sir.
23
2.4
             Does that conclude? Okay.
25 Discussion by the board, please. This is
```

KIDD COURT REPORTING (615)291-6565 209

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known as the after-lunch lull.
             If there's no discussion, we'll
   entertain a motion Johnson
             MR. JOHNSON: Mr. Chairman, I move
   we approve the application CN1111-045 for the
   establishment of home healthcare organization
   and initiation of home health services in
   Cheatham County. The cash reserves are there,
   so financing is available, based on what I've
  heard. I believe the need is there as well to
   initially serve a small number. But I think
1 1
12 it will grow as patients in that area get
13 older. And then the continuation of
   healthcare, I think, will be improved by the
14
15
   addition of improved services into a fairly
16
   rural area.
             MR. KOELLA: That is a proper
17
18 motion. Is there a second?
             MS. WEAVER: Second.
19
             MR. KOELLA: Ms. Weaver seconds the
20
21 motion. The motion is to approve the
22 Certificate of Need. Please call the roll.
             MS. BOBBITT: Jordan?
23
2.4
             MS. JORDAN: Yes.
25
             MS. BOBBITT: Wright?
```

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I voted no due to not being comfortable enough

```
MR. WRIGHT: No.
             MS. BOBBITT: Burns?
             MS. BURNS: No.
             MS. BOBBITT: Doolittle?
             MR. DOOLITTLE: No.
             MS. BOBBITT: Johnson?
             MR. JOHNSON: Yes.
             MS. BOBBITT: Gaither?
             MR. GAITHER: No.
1.0
             MS. BOBBITT: Weaver?
             MS, WEAVER: Yes.
11
12
             MS. BOBBITT: Haik?
13
             DR. HAIK: Yes.
             MS. BOBBITT: Southwick?
14
             MR. SOUTHWICK: No.
15
1.6
             MS. BOBBITT: Koella?
1.7
            MR. KOELLA: No.
18
             Okay. So we need an alternative
   motion. I believe that was four yes; six no;
19
2.0
   is that correct?
             MS. BOBBITT: Right.
21
             MR. KOELLA: So one of the people
22
   that voted no, if you would be willing to give
2.3
   a reason. Mr. Southwick.
2.4
2.5
             MR. SOUTHWICK: Mr. Chairman,
```

```
with the information. I didn't understand the
   need. I was concerned about economic
   feasibility of the project with the numbers
   provided. And in terms of the orderly
   development of healthcare, I don't think
   that -- it was just too subjective for me in
   this case. I couldn't get comfortable with
   what I heard.
             MR. KOELLA: Mr. Christoffersen,
1.0
   correct me, but we don't need another motion;
12
   correct?
13
             MR. CHRISTOFFERSEN: That's correct,
   Mr. Chairman.
             MR. KOELLA: The Certificate of Need
   is denied. I'm sorry
            Mr. Farber.
             MR. FARBER: Southern Hills Medical
   Center, Nashville, Davidson County,
19
   CN1111-048.
20
             This application is for the
21
22 conversion of four medical surgical beds to
23 four inpatient rehabilitation at Southern
24 Hills Medical Center, located at 391 Wallace
  Road, Nashville, Davidson County. The
```

11

Ends

Here]

LETTER OF INTENT



2012 MAR -6 AM 10: 07

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be publish	ned in the ASHL	AND CITY N	NEWS	which	is a nev	wspaper
of general circulation in CHEATHAM (County)	160-751934	Name of Newspap Tennessee, o		MARCH (Month /	٦,	, 20 12 (Year)
for one day.				(WOTH)	uayı	(rear)
	:=========	:=======		:=======	=====	
This is to provide official notice to the laccordance with T.C.A. § 68-11-1601 e	t seq., and the R					
RAINBOW HOME HEALTH , LI	C			1,50	every and	
(Name of Applicant)			(Facility	Type-Existing)		
owned by JANA AYERS, JACY AYERS,	VICKI BATES W	ith an owners	ship type of	LLC		a figural
and to be managed by: DANIEL AYERS, CEO, JESSIE AYERS		ntends to file			rtificate	of Need
for [PROJECT DESCRIPTION BEGINS HERE]:_						
TO ESTABLISH HOME HEALTH ORGAI COUNTY . THE OFFICE WILL BE LOCA 37015.THE PROJECTED COST IS 262, SERVICES (LICENSED PRACTICAL NU THERAPY, WOUND CARE NURSES , IN	TED AT 112 FRE 000.00. RAINBOV IRSE, REGISTER	Y STREET , A V HOME HEA RED NURSES	ASHLAND LTH WILL I , SPEECH,	CITY, TENNI PROVIDE NU OCCUPATION	ESSEE JRSING ONAL, P	; PHYSICAL
The anticipated date of filing the applica	ation is: MARCH	12	, 20 12	1		
The contact person for this project is				ACTIN	G DON	
who may be reached at: RAINBOW H	(Conta	LLC 112	2 FREY S	Treatment	(Title)	R. Aversey
(Compan	y Name)		(Addre	CONTRACTOR OF THE	-1012 H	
ASHLAND CITY	TENNESSEE	37015		580-212-780	DOMESTIC DE	
(City)	(State)	(Zip C	Code)	(Area Cod	le / Phone f	Number)
Joy for Sheefering Don (Signature)		030512 (Date)		joyforshee (E-ma	@yaho	
	cate and received or State Holiday, alth Services and Andrew Jackso 500 Deaderick Stro Nashville, Ten	filing must o Development n Building eet, Suite 850	occur on the	e tenth day o	===== of the mo business	onth. If the s day. File
The published Letter of Intent must centain	the following state	mont nurcuant	to T C A c	69 11 1607/6	\/1\ - / / \	Any health

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

ORIGINAL APPLICATION

March 26, 2012 10:06 am

CERTIFICATE OF NEED APPLICATION

FOR

RAINBOW HOME HEALTH, LLC

ESTABLISH HOME HEALTH AGENCY IN CHEATHAM COUNTY

March 12, 2012

CONTACT PERSON:
JOY FORSHEE
112 FREY STREET
ASHLAND CITY, TENNESSEE 37015
580-212-7801 OR 615-812-5156

Supplement Correction, Question, attachment

1.	RAINBOW HOME HEALTH , LLC Name 112 FREY STREET Street or Route ASHLAND CITY City CHEATHAM County 37015 State Zip Code
2.	JOY FORSHEE Name RAINBOW HOME HEALTH , LLC Company Name I12 FREY STREET Street or Route ACTING DON Email address ASHLAND CITY City State TENN TENN 37015 State Zip Code ACTING DON ASSociation with Owner Fax Number
3.	Owner of the Facility, Agency or Institution VICKI BATES , JANA AYERS , JACY AYERS Name Phone Number CHEATHAM County ASHLAND CITY City TENN State Zip Code
4.	A. Sole Proprietorship B. Partnership C. Limited Partnership D. Corporation (For Profit) E. Corporation (Not-for-Profit) B. Corporation (Not-for-Profit) C. Limited Partnership D. Corporation (Not-for-Profit) D. Corporation (Not-for-Profit)

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5.	Name of Management/Operating Entity (If Applicable)												
	DANII	EL AYERS , CEO , JESSIE AYERS , CFO	, JOY FOR	SHEE	ACTING DON	7							
	Nam		,										
		REY STREET			CHEATHAM								
	12 May 10 100	et or Route			County								
		AND CITY		TENN	ate Zip Code	_							
	City			Ole	219 0000								
		ALL ATTACHMENTS AT TH ERENCE THE APPLICABLE ITE				R AND							
6.	Leg	al Interest in the Site of the Inst	itution (Checl	k One)								
	A.	Ownership		D.									
	B.	Option to Purchase		E.	Other (Specify)								
	C.	Lease of 1 Years											
			- DAO!		THE ADDITION IN ODDE	B AND							
		ALL ATTACHMENTS AT THE ERENCE THE APPLICABLE ITE				K AND							
	KEF	ERENCE THE AFFLICABLE TIL	.181 140181	DEIX .	ON ALL ATTAOTHMENTO.								
7	Tun	e of Institution (Check as appro	nnriate	more	than one response may apply								
7,			priate										
	A. B.	Hospital (Specify) Ambulatory Surgical Treatment	لمسا	l. J.	Nursing Home Outpatient Diagnostic Center	+=							
	D.	Center (ASTC), Multi-Specialty		K.	Recuperation Center								
	C.	ASTC, Single Specialty		L.	Rehabilitation Facility								
	D.	Home Health Agency		M:	Residential Hospice								
	E.	Hospice		N,	Non-Residential Methadone								
	F.	Mental Health Hospital		_	Facility								
	G.	Mental Health Residential		O. P.	Birthing Center Other Outpatient Facility								
	Н.	Treatment Facility Mental Retardation Institutional		г.	(Specify)								
	П.	Habilitation Facility (ICF/MR)		Q.	Other (Specify)								
		, is a second control of the second control											
		17 1 (0) 1)			a they are recognized may apply	<i>a</i>)							
8.	<u>Pur</u>	pose of Review (Check) as appl	ropriate			"							
	Α.	New Institution		G.	Change in Bed Complement								
	B.	Replacement/Existing Facility			[Please note the type of change by underlining the appropriate								
	C.	Modification/Existing Facility Initiation of Health Care			response: Increase, Decrease,								
	D,	Service as defined in TCA §			Designation, Distribution,								
		68-11-1607(4)			Conversion, Relocation]								
		(Specify) HOME HEALTH SERVICES	V	Н.	Change of Location								
	E.	Discontinuance of OB Services		1.	Other (Specify)								
	F.	Acquisition of Equipment											

9.	Bed Complement Data Please indicate current and proposed distribution and certification of facility beds.												
	, , ,	ase maiorio carreiri arra propo		Current L Licensed	Beds	Staffed Beds	Beds Proposed	TOTAL Beds at Completion					
	A.	Medical											
	B.	Surgical											
	C.	Long-Term Care Hospital											
	D.	Obstetrical											
	E.	ICU/CCU											
	F.	Neonatal											
	G.	Pediatric											
	Н.	Adult Psychiatric											
	I.	Geriatric Psychiatric											
	J.	Child/Adolescent Psychiatric											
	K.	Rehabilitation						·4					
	L.	Nursing Facility (non-Medicaid Ce	ertified)										
	M.	Nursing Facility Level 1 (Medicai	d only)										
	N.	Nursing Facility Level 2 (Medical	re only)										
	Ο.	Nursing Facility Level 2 (dually certified Medicaid/Medicare)											
	Р.	ICF/MR											
	Q.	Adult Chemical Dependency											
	R.	Child and Adolescent Chemical Dependency											
	S.	Swing Beds											
	Т.	Mental Health Residential Trea	tment										
	U.	Residential Hospice											
		TOTAL											
		*CON-Beds approved but not yet in	service	, n2									
10.		Medicare Provider Number	IA .										
		Certification Type	NA										
11.		Medicaid Provider Number	IA										
11.	i	***	NA .										
		71 -											
12.		If this is a new facility, will cert	ification l	oe sough	t for Med	licare and	/or Medicai	d? YES					
13.		Identify all TennCare Managed (MCOs/BHOs) operating in the treatment of TennCare participation in MCOs/BHOs with with with the control of the	proposed ants?NO	d service	<i>area.</i> We respons	ill this pro se to this i	ject involve item is yes,	e the please					
		Discuss any out-of-network rel	ationship	s in plac	e with M	COs/BHO	s in the are	a.					

March 26, 2012 10:06 am

SECTION B: PROJECT DESCRIPTION

I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING. RAINBOW HOME HEALTH, LLC WILL BE A SISTER COMPANY TO A FAMILY OWNED AND OPERATED COMPANY IN OKLAHOMA. WE HAVE BEEN WORKING WITH MEDICARE, MEDICAID PATIENTS AS WELL AS INSURANCE PATIENTS AND PRIVATE PAY FOR A TOTAL OF SEVENTEEN YEARS. WE ALSO STRIVE TO TAKE CARE OF PROBONO CASES WHENEVER POSSIBLE.

RAINBOW HOME HEALTH, LLC WILL ALSO APPLY FOR TENNCARE AT A LATER DATE. CURRENTLY WILL ONLY SEEK A LICENSURE FOR MEDICARE. RAINBOW HOME HEALTH WILL ASSIST IN TREATING THE MEDICALLY INDIGENT AND ALSO THOSE WHO DO NOT QUALIFY FOR TENNCARE. RAINBOW HOME HEALTH WILL ALSO ACCEPT VA. (VETERNS)

<u>PROPOSED SERVICES:</u> THIS APPLICATION IS TO RECEIVE CON APPROVAL FOR RAINBOW HOME HEALTH AGENCY TO BE ESTABLISHED IN CHEATHAM COUNTY. THIS AGENCY WILL PROVIDE HOME HEALTH CARE.

RAINBOW HOME HEALTH WILL PROVIDE PHYSICAL THERAPY, SPEECH AND OCCUPATIONAL THERAPY, SKILLED NURSING WHICH INCLUDES AND NOT LIMITED TO REGISTERED NURSES, LICENSED PRACTICAL NURSES, CERTIFIED HOME HEALTH AIDES, IV THERAPY NURSES, LAB DRAWS PER ORDER. STAFF WILL INSTRUCT ON MEDICAL DIAGNOSIS AND MEDICATION REGIMEN. WILL ALSO ASSIST IN SCHEDULING DOCTOR APPTS., POST HOSPITAL RESUMPTIONS, CORRELATING THE CONTINUED CARE OF PATIENTS AFTER DISCHARGE FROM A MEDICAL FACILITY.

RAINBOW HOME HEALTH, LLC WILL PROVIDE A QUICKER MORE EFFICIENT RESPONSE TO THE CARE OF PATIENTS IN THIS COMMUNITY, THIS WILL IMPROVE THE QUALITY OF CARE. WE WILL ALSO BRING EMPLOYMENT TO THE MEDICAL COMMUNITY AS WELL AS THE BUSINESS COMMUNITY.

<u>EQUIPMENT</u>: EQUIPMENT WILL VARY FROM MEDICAL SUPPLIES SUCH AS BLOOD GLUCOSE MONITORS, BLOOD PRESSURE CUFFS, SPO2 MONITORS, STETHESCOPES, THEMOMETERS, COMPUTER EQUIPMENT, PT/INR TESTING MONITORS, LAB DRAW EQUIPMENT, BASIC OFFICE FURNITURE AND SUPPLIES, WOUND CARE AND OFFICE SUPPLIES.

<u>OWNERSHIP STRUCTURE:</u> RAINBOW HOME HEALTH, LLC WILL HAVE OWNERSHIP STRUCTURE AS SEEN BELOW:

JANA AYERS 24.5% JACY AYERS 24.5% VICKI BATES 51%

SERVICE AREA: CHEATHAM COUNTY

ASHLAND CITY
KINGSTON SPRINGS
PEGRAM
PLEASANT VIEW
CHAPMANSBORO

NEED: CHEATHAM COUNTY HAS A NEED FOR ADDITIONAL HOME HEALTH SERVICES. THERE IS NOT

SUPPLEMENTAL-#1

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A HOME HEALTH BASED IN CHEATHAM COUNTY. THE SURRONDING COUNTIES HAVE AN INFLUX OF HOME HEALTH AGENCIES AVAILABLE TO THEM. CHEATHAM COUNTY DOES HAVE HOME HEALTH AGENCIES THAT SERVICE THEIR AREA, BUT THEY ARE LONG DISTANCES AWAY AND RESPONSE TIME WOULD BE LONGER FOR THE PATIENT.

CHEATHAM COUNTY IS A RURAL COMMUNITY WITH A GREAT NEED OF ASSISTANCE IN HOME HEALTH .

AFTER SPEAKING TO SEVERAL COMMUNITY MEMBERS, LEADERS AND MEDICAL PERSONAL WE HAVE DISCOVERED THAT THE NEED FOR OUR AGENCY IS GREAT IN CHEATHAM COUNTY. WE HAVE SIGNED PETITIONS NOT ONLY FROM COMMUNITY MEMBERS BUT ALSO MEDICAL PERSONEL. (attachment b-la/letters of support)

EXISTING RESOURCES: THERE ARE CURRENTLY THIRTY HOME HEALTH PROVIDERS FOR CHEATHAM COUNTY, YET THERE ARE NOT ANY BASED IN CHEATHAM COUNTY. THERE IS A BRANCH OFFICE IN CHEATHAM COUNTY, THIS IS SUNCREST HOME HEALTH, IT IS APPROXIMATELY 28.8 MILES FROM CHEATHAM COUNTY THIS IS APPROXIMATELY 42 MINUTES IN TRAVEL TIME WITH NO STOPS OR TRAFFIC. THIS TIME DOES NOT ACCOUNT FOR LOCATING THE STAFF MEMBER TO SEND TO THE PATIENT HOME. RAINBOW HOME HEALTH, LLC WILL BE LOCATED IN ASHLAND CITY, TN AND WILL BE 19.1 MILES FROM KINGSTON SPRINGS, 16.0 MILES FROM PEGRAM, 9.0 MILES FROM PLEASANT VIEW AND 8.7 MILES FROM CHAPMANSBORO. THIS IN ITSELF SHOWS THE NEED FOR A AGENCY TO BE CLOSER TO PROVIDE CARE FOR THE RESIDENTS OF CHEATHAM COUNTY.

NOT ALL OF THE AGENCIES THAT ARE LICENSED TO SERVE CHEATHAM COUNTY DO SO . THERE ARE SIX OF THE LICENSED TO SERVE AGENCIES THAT DO NOT HAVE PATIENTS IN CHEATHAM COUNTY. MANY OF THE OTHERS HAVE FROM TWO TO FOR ONE HUNDRED AND FIFTY PATIENTS . THESE PATIENTS COULD BENEFIT MORE FROM AN AGENCY IN CHEATHAM COUNTY. (THIS IS REPORTED PER THE TENNESSEE DEPARTMENT OF HEALTH , DIVISION OF HEALTH STATISTICS JAR 2011)

PROJECT COST: THE ESTIMATED PROJECT COST, TOTAL EXPENSE OF 219,220.00 WITH AN PROJECTED REVENUE OF 269,000.00. THIS IS WITHOUT THE 3,000.00 CON FEE. (section b attachment - 1(b) & 1(c) /projected cost chart & projected patient census)

FUNDING: RAINBOW HOME HEALTH, LLC HAS EXTENSIVE FINANCIAL RESOURCES. THE SUCCESSFUL OPERATION OF RAINBOW HOME HEALTH, INC. IN OKLAHOMA HAS PROVIDED THE OWNER OF RAINBOW HOME HEALTH, LLC WITH NOT ONLY INVALUABLE OPERATIONAL SKILLS AND KNOWLEDGE, BUT ALSO FINANCIAL RESERVES IN EXCESS OF \$ 900,000.00 . THIS AMOUNT IS MORE THAN ADEQUATE TO FINANCE THE START-UP OF RAINBOW HOME HEALTH, LLC.

THE INITIAL START- UP BUDGET OF \$10,000.00 PER MONTH WILL MORE THAN COVER THE COSTS OF ADMINISTRATIVE AND CLINCAL WAGES, RENT , UTILITIES, TELEPHONE, SUPPLIES AND OTHER BASIC OPERATIONAL COSTS. THE INITIAL FUNDING WILL BE PROVIDED AS A LOAN BY VICKI LYNN BATES , RN THE OWNER OF RAINBOW HOME HEALTH, INC. AND RAINBOW HOME HEALTH , LLC. RAINBOW HOME HEALTH , INC, IS PREPARED TO FUND THE OPERATIONS UNTIL SUCH TIME LICENSURE AND MEDICAID CERTIFICATION ARE OBTAINED AND UNTIL SUCH TIME AS THE COMPANY HAS ENOUGH BUSINESS TO FINANCIALLY SUSTAIN ITSELF.

RAINBOW HOME HEALTH, LLC HAS CONDUCTED EXTENSIVE RESEARCH IN CHEATHAM COUNTY IN ORDER TO DETERMINE THE FEASIBILITY OF ESTABLISHING A SUCCESSFUL HOME HEALTH AGENCY. THIS RESEARCH HAS INCLUDED, BUT IS NOT LILMITED TO , VISITING WITH COUNTY RESIDENTS , ESTABLISHING A DIALOGUE WITH THE LOCAL HOSPITAL ADMINISTRATOR , AND DETERMINING THE NUMBER OF EXISTING HOME HEALTH AGENICES .

SUPPLEMENTAL-#1

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ALL THE RESEARCH INDICATES THERE IS A NEED FOR RAINBOW HOME HEALTH, LLC TO BE LOCATED IN THIS COUNTY AND THERE IS TREMENDOUS COMMUNITY SUPPORT TO DO SO. (section b attachment 1d/ community petitions)

<u>STAFFING</u>: REGISTERED NURSES, LICENSE PRACTICAL NURSES, CERTIFIED HOME HEALTH AIDES, OFFICE STAFF, CHIEF FINANCIAL OFFICIER, CHIEF EXECUTIVE OFFICIER, DIRECTOR OF NURSES, MEDICAL DIRECTOR, OWNER.

II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any ,the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project. If the project involves none of the above, describe the development of the proposal.

NO CONSTRUCTION ,RENOVATION OR MODIFICATION OF FACILITIES ININVOLVED IN THIS PROJECT. CON APPROVAL IS SOUGHT FOR ESTABLISHING A HOME HEALTH AGENCY IN CHEATHAM COUNTY TO BE LOCATED IN ASHLAND CITY , TENNESSEE AT 112 FREY STREET.

THE SQUARE FOOTAGE OF THE OFFICE SPACE 2620 FEET. AND THE LOT SIZE IS 50X300X50X300.

NO MAJOR MEDICAL EQUIPMENT WILL BE INVOLVED IN THIS PROJECT.
RENTAL BUILDING WITH EASY ACCESS AND ADEQUATE PARKING AND OFFICE
SPACE. OFFICE BUILDING WILL BE LEASED AND MAINATAINED BY RENTAL
OWNER. (section a attachment 6 lease agreement)

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services. N/A

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

	li	7	ir	T	71		ır	711	7		Г	11	7	7	Г	I	71	٦	П	F	1	7	1			Г	3	Г	7	\neg	
-	Total																														
Proposed Final Cost/ SF	New																												SHOOT STATE OF THE PERSON NAMED IN		
	Renovated																														
e	Total																														
Proposed Final Square Footage	New	4																													
Prop	Renovated																														
Proposed	Location																														
Temporary	Location																														
Fyisting	SF																														
Fxicting	Location																											St. Harris and St. Ha			
A Init / Donothmont	A. Ollit / Department																							B. Unit/Depart. GSF	Sub-Total		C. Mechanical/	Electrical Gor	D. Circulation /Structure GSF	U C C C C C C C C C	E. Iotal Gor

March 26, 2012 10:06 am

- C. As the applicant, describe your need to provide the following health care services (if applicable to this application):
- 1. Adult Psychiatric Services
- 2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
- 3. Birthing Center
- 4. Burn Units
- 5. Cardiac Catheterization Services
- 6. Child and Adolescent Psychiatric Services
- 7. Extracorporeal Lithotripsy

8. Home Health Services

- 9. Hospice Services
- 10. Residential Hospice
- 11. ICF/MR Services
- 12. Long-term Care Services
- 13. Magnetic Resonance Imaging (MRI)
- 14. Mental Health Residential Treatment
- 15. Neonatal Intensive Care Unit
- 16. Non-Residential Methadone Treatment Centers
- 17. Open Heart Surgery
- 18. Positron Emission Tomography
- 19. Radiation Therapy/Linear Accelerator
- 20. Rehabilitation Services
- 21. Swing Beds

HOME HEALTH SERVICES:

ACCORDING TO THE DEPARTMENT OF HEALTH LICENSURE -09/27/2011 CHEATHAM COUNTY HAS 30 AGENCIES LICENSED TO SERVE THEIR AREA YET ONLY HAS ONE BRANCH OFFICE IN THE COUNTY.

RAINBOW HOME HEALTH, LLC. WILL BE CENTRALLY LOCATED IN ASHLAND CITY , TENNESSEE . THE DISTANCE FROM ASHLAND CITY TO ALL OF THE TOWNS LOCATED IN CHEATHAM COUNTY ARE AS FOLLOWS.

KINGSTON SPRINGS 19.1 MILES PREGRAM 16.0 MILES PLEASANT VIEW 9.0 MILES CHAPMANSBORO 8.7 MILES

THE GEOGRAPHIC LOCATION TO THE SURRONDING TOWNS IN THE COUNTY FACILITATES A QUICKER RESPONSE TIME TO THE PATIENTS.

MANY OF THE AGENCIES THAT ARE LICENSED TO SERVE DO NOT, AS EVIDENCED BY THE JAR REPORT 2011 FOR HOME HEALTH AGENCIES.

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THE TOTAL OF PATIENTS SERVED IN CHEATHAM COUNTY IS 776 TOTAL. RAINBOW HOME HEALTH IS SURE THAT THESE AGENCIES PROVIDE EXCELLENT CARE TO THE MEMBERS, YET THE DISTANCE THAT IS TRAVELED IS GREAT . THE THREE LARGEST SERVING AGENCIES ARE NO LESS THAN 35 TO 45 MINUTES AWAY. THIS IS DRIVE TIME ONLY .

THE ACCESS OF A QUICKER RESPONSE THAT THE PATIENTS WIL HAVE WITH RAINBOW HOME HEALTH, LLC. WILL BE INVALUABLE. THERE IS A GOLDEN HOUR FOR HOME HEALTH PATIENTS ALSO. THE AGENCIES THAT ARE CURRENTLY SERVING ARE NOT LOCATED IN CHEATHAM COUNTY AND CAN NOT SERVE ADEQUATELY DUE TO THE DISTANCE.

THE COMMUNITY OF CHEATHAM COUNTY AND THE TOWN OF ASHLAND CITY WELCOMES RAINBOW HOME HEALTH, LLC WITH THE THOUGHT OF THE BETTERMENT OF THE CARE OF THE ELDERLY AND GROWTH TO THE COMMUNITY. (section b attachment 1-d community petitions & section b attachment 1a letters of support)

- D. Describe the need to change location or replace an existing facility. NA
- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following: NA
- 1. For fixed-site major medical equipment (not replacing existing equipment):
- a. Describe the new equipment, including: NA
- 1. Total cost ;(As defined by Agency Rule).
- 2. Expected useful life;
- 3. List of clinical applications to be provided; and
- 4. Documentation of FDA approval.
- b. Provide current and proposed schedules of operations.
 OFFICE HOURS ARE 8:30 TO 4:30 PM, MONDAY THRU FRIDAY WITH 24 HOUR ON CALL NURSING STAFF 7 DAYS PER WEEK.
- 2. For mobile major medical equipment: N/A
- a. List all sites that will be served;
- b. Provide current and/or proposed schedule of operations;
- c. Provide the lease or contract cost.
- d. Provide the fair market value of the equipment; and
- e. List the owner for the equipment.

3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

EQUIPMENT WILL BE OBTAINED AT THE TIME OF CON APPROVAL. RAINBOW HOME HEALH, INC. IS CURRENTLY THE OWNER OF COPIERS AND COMPUTERS THAT ARE NOT UNDER LEASE OR ANY MONTHLY SCHEDULED PAYMENTS.

- III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:
- 1. Size of site (in acres); CITY LOT SIZE 50X300X50X300,
- 2. Location of structure on the site; and 112 FREY STREET, ASHLAND CITY, TN
- 3. Location of the proposed construction.
- 4. Names of streets, roads or highway that cross or border the site. (attachment b-3 (a) & (b) Platt)

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

(B) 1.Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RENTAL SITE FOR OFFICE SPACE AND HOUSING OF MEDICAL RECORDS AND OFFICE EMPLOYEES. WILL BE LOCATED AT 112 FREY STREET, ASHLAND CITY, 37015. PT CARE TAKES PLACE IN HOME NOT IN FACILITY SITE.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient Care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted and need not be drawn to scale.

(section b III A attachment 1a, 1b,1c)

- V. For a Home Health Agency or Hospice, identify:
 - 1. Existing service area by County; NA
 - 2. Proposed service area by County: CHEATHAM COUNTY
 - 3. A parent or primary service provider; NA
 - 4. Existing branches; and NA
 - 5. Proposed branches. NA

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SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625. The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper*. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

I. NEED

- 1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
- **a.** Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

HEALTHY LIVES

RAINBOW HOME HEALTH, LLC WILL STRIVE TO ASSIST PATIENTS AND THE COMMUNITY TO FACILITATE A HEALTH LIFE STYLE. WE WILL INTERACT WITH THE PATIENT AND THE COMMUNITY TO ASSIST WITH LEARNING DISABILITIES, CONCERNING THE HEALTH DISPARITIES IN THE COMMUNITY/COUNTY. RAINBOW HOME HEALTH WILL WORK WITH THE STATE OF TENNESSEE TO PROMOTE THE HEALTH OF THE COMMUNITY/STATE.

ACCESS TO CARE

RAINBOW HOME HEALTH, BELIEVES THAT EVERY CITIZEN SHOULD HAVE ACCESS TO HEALTHCARE NO MATTER WHAT CONTRIBUTING FACTOR IS PRESENT. AS STATED PER TENNESSEE HEALTH PLAN THERE ARE MANY ELEMENTS THAT IMPACT ONES ACCESS TO HEALTHCARE. WE WILL FACILITATE MORE EFFICIENT HEALTHCARE FOR THOSE PATIENTS IN CHEATHAM COUNTY. THIS WILL EXPAND THE HEALTHCARE ACCESSIBILITY FOR THE PEOPLE OF CHEATHAM COUNTY.

ECONOMIC EFFICIENCIES

RBHH WILL NOT ONLY BRING ECONOMIC INCREASE OF JOBS IN CHEATHAM COUNTY BUT WILL ALSO ENCOURAGE THE COMPETITION BETWEEN AGENCIES WHICH IN TURN WILL RAISE THE BAR ON CARE THAT THE PATIENT WILL RECEIVE AND WILL HELP BRING INNOVATION TO THE HOME HEALTH COMMUNITY. NEW IDEAS, NEW EMPLOYEES, AND NEW TECHNIQUES AND NEW TECHNOLOGY. A NEW OUTLOOK WITH A BRIGHT FUTURE.

QUALITY OF CARE

RBHH, WILL PROVIDE PROFESSIONAL COURTEOUS CARE. WE WILL STRIVE TO BE CURRENT ON ALL CORRECT POLICIES AND PROCEDURES AND ANY NEW INNOVATIVE TREATMENTS THAT ARE AVAILABLE. WE ALSO WILL CONTINUE TO ATTEND SEMINAR TRAINING COURSES. WE ENCOURAGE ALL EMPLOYEES TO STRIVE TO BETTER NOT ONLY THEMSELVES BUT TO STRIVE TO ENHANCE THEIR KNOWLEDGE TO WHICH WILL THEN IMPROVE THE QUALITY OF CARE OF OUR PATIENTS.

HEALTHCARE WORK FORCE

RAINBOW HOME HEALTH ALONG WITH THE STATE OF TENNESSEE AGREE ON THE ISSUE ON THE ENCOURAGEMENT AND SUPPORT OF THE DEVOPMENT, RECRUITMENT AND OF COURSE THE RETENTION OF EMPLOYEES. PATIENT CARE NEEDS TO BE CONSISTENT AND NOT WITH CONSTANT CHANGE OF CAREGIVERS. RBHH WILL WORK WITH THE STATE TO HELP INSTRUCT AND PROVIDE CLINICAL HOURS FOR THE FUTURE MEDICAL PERSONNEL /COMMUNITY. WE WILL WORK WITH ALL SCHOOLS AND HELP WITH CLINICALS AND ANY TRAINING. GROWTH IN THIS COMMUNITY IS IMPERATIVE.

HOME HEALTH SERVICES (GUIDELINES FOR GROWTH)

1. THE NEED FOR HOME HEALTH AGENCIES/SERVICES SHALL BE DETERMINED ON A COUNTY-BY-COUNTY BASIS.

THE NEED CALCULATIONS ARE REFLECTED BELOW BY THE COUNTY CALCULATIONS.

2. IN A GIVEN COUNTY, 1.5 PERCENT OF THE TOTAL POPULATION WILL BE CONSIDERED AS THE NEED ESTIMATE FOR HOME HEALTH SERVICES IN THAT COUNTY.

THE 1.5 PERCENT FORMULA WILL BE APPLIED AS A GENERAL GUIDELINE, AS A MEANS OF COMPARISON WITHIN THE PROPOSED SERVICE AREA.

THE INFORMATION IS OBTAINED FROM THE FORMULA CALCULATED SUPPLIED BY THE TENNESSEE DEPARTMENT OF HEALTH . SEE TABLE BELOW.

Service Area	Agencies licensed to Serve	Agencles report Serving	Total Patients Served	Estimated 2010 pop.	Use Rate	Projected 2015 pop.	Projected Capacity	Projected need (.015x201 5 pop)	Need Surpl us for 2015
C H E A T H A	23	22	744	41,241	0.0180	43,931	793	659	(134)

SOURCE: TENNESSEE DEPARTMENT OF HEALTH

3. USING RECOGNIZED POPULATION SOURCES, PROJECTIONS FOR FOUR YEARS INTO THE FUTURE WILL BE USED.

THE POPULATION PROJECTIONS ABOVE ARE FOUR(4) YEARS INTO THE FUTURE. THE CURRENT SOURCE OF THE ABOVE IS FROM THE TENNESSEE DEPARTMENT OF HEALTH.

4. THE USE RATE OF EXISTING HOME HEALTH AGENCIES IN THE COUNTY WILL BE DETERMINED BY EXAMING THE LATEST UTILZATION RATE AS CALCULATED IN THE JOINT ANNUAL REPORT OF EXISTING HOME HEALHT AGENCIES IN THE SERVICE AREA.

THE INFORMATION ABOVE IS FROM 2010 FINAL COMPARISON OF POPULATION BASED NEED PROJECTION VS. ACTUAL UTILIZATION (2015 VS. 2010)

BASED ON THE NUMBER OF PATIENTS SERVED BY HOME HEALTH AGENCIES IN THE SERVICE AREA, AN ESTIMATION WILL BE MADE AS TO HOW MANY PATIENTS COULD BE SERVED IN THE FUTURE.

AS REFLECTED ABOVE THE PROJECTED CAPACITY FOR 2015 AS REPORTED BY DEPARTMENT OF HEALTH /TENNESSEE.

5. DOCUMENTATION FROM REFERRAL SOURCES:

A. THE APPLICANT SHALL PROVIDE LETTERS OF INTENT FROM PHYSICIANS AND OTHER REFERRAL SOURCES PERTAINING TO PATIENT REFERRAL. (section b attachment 1a /letters of support, Section c attachment 1a)

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- B. THE APPLICANT SHALL PROVIDE INFORMATION INDICATING THE TYPES OF CASES PHYSICIANS WOULD REFER TO THE PORPOSED HOME HEALTH AGENCY AND THE PROJECTED NUMBER OF CASES BY SERVICE CATEGORY TO BE PROVIDED IN THE INITIAL YEAR OF OPERATION. (section C attachment 1b letter from medical director & section b attachment b-1 Projected cost)
- C. THE APPLICANT SHALL PROVIDE LETTERS FROM POTENTIAL PATIENTS OR PROVIDERS IN THE PROPOSED SERVICE AREA THAT STATE THEY HAVE ATTEMPTED TO FIND APPROPRIATE HOME HEALTH SERVICES. (section c attachment 1 c letters of need from potential patients)
- D. THE APPLICANT SHALL PROVIDE INFORMATION CONCERNING WHETHER A PROPOSED AGENCY WOULD PROVIDE SERVICES DIFFERENT FROM THOSE SERVICES OFFERED BY EXISTING AGENCIES.

RAINBOW HOME HEALTH, LLC. WILL ACCEPT PATIENTS WITH MEDICARE, PRIVATE PAY, AND INSURANCE PATIENTS. WE WILL NOT SERVICE TENNCARE PATIENTS AT TIME OF CON APPROVAL. RBHH WILL AT A LATER DATE APPLY FOR TENNCARE. RBHH WILL PROVIDE A QUICKER RESPONSE TIME.

THERE ARE SEVERAL AGENCIES THAT SERVICE CHEATHAM COUNTY YET THERE WILL NOT BE ONE THAT IS AS CLOSE AS RAINBOW HOME HEALTH. RAINBOW HOME HEALTH WILL BE THE ONLY HOME HEALTH BASED IN CHEATHAM COUNTY.

ATTACHED ARE LETTERS OF SUPPORT FROM THE EXECUTIVE DIRECTOR THAT CHEATHAM COUNTY HAS AN OLDER DEMOGRAPHIC ESPECIALLY IN CENTRAL SEGMENT OF COUNTY, A COUNTY WIDE DEVELOPMENT PLAN HAS BEEN ADOPTED BY EACH OF THE CITIES AND THE COUNTY. THIS PLAN HAS SENIOR LIVING, AND ASSISTED LIVING FACILITY THAT IS TO BREAK GROUND 2012. CURRENTLY CHEATHAM COUNTY IS MARKETING AN AREA FOR 55+ RETIREMENT COMMUNITY.

DEMAND FOR HOME HEALTH CARE IS GROWING IN CHEATHAM COUNTY . RBHH WILL BE ABLE TO MEET THESE NEEDS.

6. THE PROPOSED CHARGES SHALL BE REASONABLE IN COMPARISON WITH THOSE OF OTHER SIMILAR FACILITIES IN THE SERVICE AREA OR IN ADJOINING SERVICE AREAS.

RAINBOW HOME HEALTH, LLC WILL HAVE REVENUE FROM MEDICARE, PRIVATE PAY AND PRIVATE INSURANCE, AND WILL FOLLOW MEDICARE RATES THAT ARE SET BY THE GOVERNMENT PAY SOURCE.

A. THE AVERAGE COST PER VISIT BY SERVICE CATEGORY SHALL BE LISTED.

1. HOME HEALTH NURSING	116.00 PER VISIT
2. PHYSICAL THERAPY	128.00 PER VISIT
3. SPEECH THERAPY	139.00 PER VISIT
4. OCCUPATIONAL THERAPY	147.30 PER VISIT
5. CERTIFIED HOME HEALTH AIDE	51.00 PER VISIT

THE ABOVE INFORMATION IS AN ESTIMATE OF CHARGES FOR THESE SERVICES. THIS IS THE AVERAGE OF COST THAT WAS REPORTED PER JAR REPORTS FOR 2010/2011.

B. THE AVERAGE COST PER PATIENT BASED UPON THE PROJECTED NUMBER OF VISITS PER PATIENT SHALL BE LISTED.

FOR THE PROPOSED YEAR THE ESTIMATED REVENUE IS 45,000.00 THE ESTIMATED REVENUE OF EACH PATIENT IS \$ 2,045.00 WITH THE PROJECTED NUMBER OF PATIENTS BEING 22 FOR THE FIRST YEAR. THIS INCLUDES MEDICARE AND PRIVATE INSURANCE /PAY. (section b attachment 1- c projected patient census)

{THIS IS THE END OF THE GUIDELINES FOR GROWTH }

- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)
 NA
- 2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

CONTINUE CONTINUITY OF CARE AND FURTHER DEVELOP RELATIONSHIPS WITH MEDICAL POPULATION AND THE COMMUNITY ALSO TO EDUCATE THE POPULATION OF CHEATHAM COUNTY ON MEDICAL ISSUES.

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3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.). (section c attachment 3a map of Tennessee)

CHEATHAM COUNTY INCLUDES THE FOLLOWING TOWNS KINGSTON SPRINGS, ASHLAND CITY, PEGRAM, PLEASANT VIEW, CHAPMANSBORO. RAINBOW HOME HEALTH WILL SERVICES THESE TOWNS/ COUNTY.

HOME HEALTH SERVICES IN THIS COUNTY ARE UNDERUTILIZED. RAINBOW HOME HEALTH, LLC. WILL ASSIST IN CONTRIBUTING TO THE GROWTH OF ELDERLY DEVELOPMENT. CHEATHAM COUNTY IS A SMALL AREA THAT IS RURAL, AND IS LONG DISTANCES FROM SURRONDING COUNTIES WITH HOME HEALTHS AVAILABLE. CHEATHAM IS SERVED BY SEVERAL HOME HEALTHS YET THE DISTANCE IS IMPEDING THE OVERALL CARE OF THE ELDERLY AND MEDICALLY NEEDED COMMUNITY MEMBERS.

RAINBOW HOME HEALTH., LLC WILL BE ABLE TO ARRIVE AT PATIENTS HOMES IN A TIMELY MANNER. WHEN ELDERLY PATIENTS/FAMILY CALL. THEY NEED THE REASSURANCE THAT SOMEONE WILL ARRIVE QUICKLY.

USING MAP QUEST THE FOLLOWING IS THE MINUTES / MILES FOR THE EXISTING HOME HEALTHS. THIS IS THE DISTANCE /TRAVEL FROM AGENCY TO VARIOUS LOCATIONS IN CHEATHAM COUNTY.

AGENCY HOME OFFICE	Ashland City	Chapmansboro	Kingston Springs	Pegram	Pleasant View
Alere	34/24	58/37	31/23	26/18	36/30
Amedisys (CR)	31/26	51/35	33/24	30/26	44/35
Amedisys	47/29	58/38	34/26	30/22	44/35
Amedisys	50/38	59/45	46/41	41/36	42/37
Elk Valley	49/36	61/45	46/33	42/35	41/34
Friendship HH	49/36	61/45	43/33	42/35	41/34
Friendship PD	36/23	48/32	34/23	24/18	34/29
Gentiva	47/33	59/45	41/33	37/28	42/34
Homecare	47/37	60/47	39/35	41/37	43/39
HHC of Mid. TN	49/37	61/45	46/33	42/35	41/34
Innovative	47/30	58/38	34/26	30/21	44/26
Intrepid	47/34	59/45	41/33	37/28	42/34
Maxim HC	43/30	56/42	36/24	31/18	39/31
Suncrest	41/30	51/37	41/35	36/30	32/27
Vanderbilt	44/31	56/32	36/24	31/17	39/31
Vanderbilt Home	43/30	57/43	35/22	31/17	38/30
Willowbrook	41/27	52/39	36/27	27/22	35/29
Caresouth	143/112	154/121	125/112	130/107	136/113
Henry County	123/95	129/94	124/99	121/101	116/96
Careall	91/71	103/79	77/48	72/56	94/77
NHC	43/26	47/26	63/52	56/47	26/16
Gateway	44/32	32/20	73/51	66/48	31/28
Suncrest	44/32	32/20	73/51	66/48	31/28
Lifeline	42/27	48/27	64/53	57/48	27/17
NHC HC	90/70	102/78	76/47	71/55	93/76
Guardian	67/52	77/64	56/49	51/44	60/53
Vanderbilt	49/36	60/45	41/31	32/18	45/38
Careall/VIP	67/58	77/64	57/55	50/48	55/53
Donnelson	66/57	78/66	56/54	51/49	56/54
Rainbow	0/0	10/8	30/19	23/15	22/11

4. A. Describe the demographics of the population to be served by this proposal.

THE POPULATION TO BE SERVED IS MEDICARE AND PRIVATE INSURANCE/PAY PATIENTS. THE PATIENT AGE CAN RANGE FOR AGE 0-85 YEARS OLD.

Variable	Cheatham	Tennessee
2012, Age 65+	42,222	878,496
2016, Age 65+	44,357	6,575,165
Age 65+, % Change	17.0 %	12.4 %
Age 65+, % Total (2012)	11.0 %	13.8 %
2012, Total Population	42,222	6,361,070
2016, Total Population	44,357	6,575,165
Total Population % Change	5.1%	3.4%
TennCare Enrollees	6,144	44,582
TennCare Enrollees as a % of Total Populations	14.2%	19%
Median Household Income	53,669	41,715
Population % Below Poverty Level	11.2%	17.2%

THIS INFORMATION WAS OBTAINED FROM THE HEALTH STATISTICS DEPARTMENT, ALSO FROM THE 2009-2010 CENSUS, AS INFORMED FROM THE HEALTH STATISTICS THE PREVIOUS NUMBERS WERE PROJECTED FROM 2000-2010 DUE TO THE NEW NUMBERS HAVE NOT BEEN DONE AT THIS TIME.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

THE FOLLOWING INFORMATION IS RELEVANT TO CHEATHAM COUNTY IN RELATION TO NEED OF ADDITIONAL HOME HEALTH. THE ELDERLY IN CHEATHAM DO NOT HAVE MONOPLY ON DISPARITIES. THE DISPARITIES ARE THAT OF A NORMAL ELDERLY POPULATION. YET WITH THE POTENTIAL OF ADDITIONAL RETIREMENT COMMUNITIES, AND ASSISTED LIVING FACILITIES THAT ARE COMING TO CHEATHAM COUNTY THIS NUMBER WILL INCREASE.

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LOW INCOME POPULATION IS SIGNIFICANT IN CHEATHAM COUNTY, THE NUMBER OF TENNCARE PATIENTS FOR CHEATHAM COUNTY AGING FROM 0-65+. THE TOTAL AS REPORTED PER TENNCARE ENROLLEMENT DATA AS OF 15 JULY 2011 IS 6,033. RBHH WILL SERVE THE POPULATION THAT HAS A MEDICAL NEED WITH DISREGARD TO RACE, COLOR, RELIGION, SEX OR NATIONAL ORIGIN.

RBHH WILL DO PROBONO CASES ALSO . TENNCARE IS CURRENTLY NOT ACCEPTING ANY APPLICATIONS FOR NEW SERVICES , YET AT THE TIME THIS CHANGES WE WILL APPLY FOR TENNCARE.

5. Describe the existing or certified services, including approved but unimplemented Cons, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Agency (license #)	County of Parent Office	2009 JAR Total patients served	2010 JAR Total patients served	2011 JAR Total patients served	2009 JAR Cheatham County patients served	2010 JAR Cheatham County patients served	2011 JAR Cheatham County patients served	2011 JAR Cheatham County patients as a % of total patients served	2011 JAR Cheatham County patients as a % of Total Cheatham County Patients
19654	Davidson	610	349	140	5	0	1	0.7%	0.1%
19674	Davidson	3,032	2,881	2834	44	29	27	0.95%	3.46%
19024	Davidson	1,129	1,443	1538	24	33	39	2.53%	5.0%
19684	Davidson	631	701	756	0	0	0	0	0
19664	Davidson	731	788	905	20	30	43	4.75%	5.51%
19494	Davidson	729	547	250	4	4	1	0.4%	0.1%
19614	Davidson	772	769	1040	17	11	10	0.96%	1.28%
19714	Davidson	0	9	10	0	0	0	0	0
19084	Davidson	1,629	1,345	1239	37	35	48	3.87%	6.16%
19544	Davidson	2,069	2,140	2192	28	28	20	0.91%	2.56%

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Agency (license #)	County of Parent Office	2009 JAR Total patients served	2010 JAR Total patients served	2011 JAR Total patients served	2009 JAR Cheatham County patients served	2010 JAR Cheatham County patients served	2011 JAR Cheatham County patients served	2011 JAR Cheatham County patients as a % of total patients served	2011 JAR Cheatham County patients as a % of Total Cheatham County Patients
19584	Davidson	610	4,017	4246	115	114	122	3%	15.7%
19504	Davidson	610	74	73	0	0	0	0	0
19364	Davidson	610	386	644	2	6	20	3.1%	2.6%
19704	Davidson	610	154	138	1	5	2	1.44%	.2%
19324	Davidson	610	4,728	5428	95	120	136	2.5%	1.74%
19394	Davidson	610	1,155	1179	34	37	28	2.37%	3.59%
19314	Davidson	885	1,049	1180	14	20	16	1.35%	2.05%
19694	Davidson	2,867	3,413	3088	111	145	119	3.85%	15.27%
26024	Franklin	1262	1,197	1395	3	10	38	2.72%	4.8%

Agency (license #)	County of Parent Office	2009 JAR Total patients served	2010 JAR Total patients served	2011 JAR Total patients served	2009 JAR Cheatham County patients served	2010 JAR Cheatham County patients served	2011 JAR Cheatham County patients served	2011 JAR Cheatham County patients as a % of total patients served	2011 JAR Cheatham County patients as a % of Total Cheatham County Patients
40075	Henry	515	355	355	0	0	0	0	0
60074	Maury	367	354	285	0	0	0	0	0
60024	Maury	2,090	2,150	2212	10	18	10	.4%	1.28%
63034	Montgom	873	1,050	1050	6	6	8	0.7%	1.02%
63044	Montgom	438	44	229	15	0	0	0	0
74064	Robertson	335	289	289	25	14	16	5.53%	2.05%
74054	Robertson	664	867	867	39	38	46	5.30%	5.90%
94074	Williamso	1,040	1,382	1265	163	27	27	2.13%	3.46%
94084	Williamso	33	14	81	0	0	0	0	0
95064	Wilson	1,765	1,680	1473	19	0	2	0.1%	0.2%
95074	Wilson	2,012	1,931	1705	1	0	0	0	0

THE ABOVE TABLE SHOWS THE NUMBER OF PATIENTS SERVED FROM 2009-2011. THERE ARE TWO HOME HEALTHS THAT HAVE SHOWN ANY SIGNIFICANTGROWTH.

THESE COMPAINIES SERVE OVER 100 CHEATHAM COUNTY RESIDENTS. ONLY ONE OF THESE COMPANIES HAS A BRANCH OFFICE IN CHEATHAM COUNTY, AND THAT IS SUNCREST. THERE ARE 8 OF THE LICENSED TO SERVE THAT HAVE NO PATIENTS.

BECAUSE THESE TWO HOME HEALTHS SERVED THE MAJORITY OF CHEATHAM COUNTY THEIR MEDICARE, PRIVATE INS. AND PRIVATE PAY AREA MOST RELAVANT TO RBHH.

AGENCY NAME	TOTAL MEDICARE VISITS	MEDICARE REVENUE	PRIVATE INSURANCE REVENUE (COMMERCIAL)\ VISITS	PRIVATE PAY /VISITS
SUNCREST HOME HEALTH	123,815	\$21,829,981.00 58.01%	\$8,025,997 21.33% 49,216 VISITS	\$64,701.00 0.17% 240 VISITS
HOME HEALTH CARE OF MIDDLE TENNESSEE , LLC	32,651	\$5,187,645.00 15.54%	\$6,642,432.00 19.90% 15,057 VISITS	\$\$41,606.00 0.12% 42 VISITS

OF COURSE THIS TABLE DOES NOT INDICATE HOW MANY OF THESE VISITS WERE IN CHEATHAM COUNTY.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

<u>HISTORICAL UTILIZATION:</u> NA , WE ARE SEEKING APPROVAL TO ESTABLISH HOME HEALTH SERVICES.

PROJECTED UTILIZATION:

YEAR 1	PATIENTS	VISITS
YEAR 1 /CHEATHAM	22	3,432 VISITS ESTIMATED/YR
YEAR 2/ CHEATHAM	60	9,360 VISITS ESTIMATED /YR
TOTAL	82	PROJECTED LOSS TO 10 PTS. LEAVING ESTIMATED THIRD YEAR PT COUNT TO BE 72 PATIENTS.

THE PROJECTED UTILZATION IS ACCOUNTED BY THE AGENCY HAVING 22 PATIENTS BY THE END OF YEAR ONE . THE VISISTS ARE PROJECTED BY HAVING 52 WEEKS IN ONE YEAR AND MULTIPLYING 3 X 52= 156 AND THEN 156 X 22 PTS. = 3,432. THIS IS A PROJECTED GROWTH THAT WAS BASED ON CURRENT GROWTH OF SISTER COMPANY RAINBOW HOME HEALTH , INC. GROWTH PATTERNS.

THERE WILL BE NO BREAKDOWN OF COUNTIES DUE TO WE ARE ONLY REQUESTING CON APPROVAL FOR CHEATHAM MOUNTAIN 9 58

SOURCE	ESTIMATED PATIENTS		
D/C PLANNERS	20		
PHYSICIANS	30		
PATIENT REFERRELS	5		
OTHER SOURCES	5		
TOTAL # OF PATIENT IN SECOND YR.	60		

THIS NUMBER WAS DETERMINED BY PREVIOUS EXPERIENCE OF HAVING A HOME HEALTH AGENCY . ATTACHED IN OUR CERTIFICATE OF NEED WAS A LETTER FROM ASHLAND CITY HOSPITAL DISCHARGE PLANNER, ALSO LETTERS FROM MULTIPLE POTENTIAL PATIENTS AND PETITIONS SIGNED STATING THE NEED OF OUR AGENCY . (section C letter of referral / attachment 6 a)

ECONOMIC FEASIBILITY

- 1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - *All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

THERE HAVE BEEN NO LEGAL, ADMINISTRACTIVE, OR CONSULTANT FEES AT THIS TIME. THE SISTER AGENCY IN OKLAHOMA HAS ABSORBED ALL FEES.

*The cost of any lease (building, land, and/or equipment) should be based on Fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

PER REALTOR THE FAIR MARKET VALUE IS 13,200.00 AND THE ESTIMATED RENT/LEASE AMOUNT WILL BE 10,800.00.
THERE ARE NO NECESSARY EQUIPMENT COST DUE TO SISTER COMPANY WILL BE ABSORBING THESE COST IF ANY.

*The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital

PROJECT COSTS CHART

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Α.	Cons	truction and equipment acquired by purchase:	0 00
	1.	Architectural and Engineering Fees ART	3 29
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	
	3.	Acquisition of Site	
	4.	Preparation of Site	
	5.	Construction Costs	
	6.	Contingency Fund	
	7.	Fixed Equipment (Not included in Construction Contract)	制度2012年1985日
	8.	Moveable Equipment (List all equipment over \$50,000)	11,750.00
	9.	Other (Specify)	Transport of the second of the second
В.	Acqui	sition by gift, donation, or lease:	
	1∝	Facility (inclusive of building and land)	经过已经公司公司
	2,,	Building only	13,200.00 fair market value
	3,	Land only	
	4.	Equipment (Specify)	
	5.	Other (Specify)	
C.	Finan	cing Costs and Fees:	
	1.	Interim Financing	发现3400分别使现象对于
	2.	Underwriting Costs	
	3.	Reserve for One Year's Debt Service	(表) (2015年 · 1985年 ·
	4.	Other (Specify)	(W), (6), (6), (4), (8), (2), (4), (5), (4), (6), (6), (6), (6), (6), (6), (6), (6
D.	Estim (A+B-	ated Project Cost +C)	The Navide and Subsection of the
E.	CC	DN Filing Fee	3,000.00
F.		tal Estimated Project Cost	
•	(D-	·	
	(TOTAL	27,950.00

Section C-attachment project cost chart -1

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expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

OUR SISTER COMPANY OWNS THE EQUIPMANT NECESSARY FOR OPERATION.

*For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

N/A THERE IS NO CONSTRUCTION COST , OR MODIFICATION IN THIS PROJECT.

Identify the funding sources for this project...

A. Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C,Economic Feasibility-2.)

- __ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
 __ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
 __ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
 __ D. Grants--Notification of intent form for grant application or notice of grant award; or
 __ X_ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
 __ F. Other--Identify and document funding from all other sources.
 (section C attachment economic feasibility 2E letter of funds available)
- 3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

THE COST OF RAINBOW HOME HEALTH, LLC COMPARES TO OTHER AGENCIES ONLY IN THE WAY OF THE WAGES AND SALARIES. THE COST OF OPENING A NEW OFFICE IN CHEATHAM COUNTY IS NOT AS COSTLY DUE TO THE FACT THAT WE WILL BE LEASING A BUILDING AND WILL HAVE A LIMITED STAFF NUMBER.

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4. Complete Historical and Projected Data Charts on the following two pages—

Do not modify the Charts provided or submit Chart substitutions!

Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution.

Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the Proposal Only (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

THE FIRST AND SECOND YEAR OF OPERATION ARE BASED ON EPISODES OF CARE. THE AMOUNT FOR THE FIRST YEAR WAS ESTIMATED AT \$ 2010.00 PER EPISODE. THE SECOND YEAR OF OPERATION WAS ALSO DETERMINED BY AN EPISODE PAYMENT AMOUNT AT \$2177.00. THIS IS PROJECTED BY THE NUMBER INCREASE AND ALSO THE ECONOMIC BENEFIT PER EPISODE. THE THIRD YEAR WAS PROJECTED AT \$2000.00 PER EPISODE DUE TO POSSIBLE RULE CHANGES IN MEDICARE.

THE NUMBER OF VISITS FOR EACH DISCIPLINE WILL BE DIFFICULT TO ESTIMATE DUE TO THE FACT THAT EACH PATIENT WILL HAVE DIFFERENT NEEDS, SO THEREFORE THE CARE OF EACH PATIENT WILL BE DIFFERENT. EACH PATIENT WILL RECEIVE THE MAXIMUM AMOUNT OF VISITS THAT ARE NEEDED TO FACILITATE THE CARE BASED ON THEIR DIAGNOSIS. RRHH, LLC. WILL FOLLOW REGULATIONS SET BY MEDICARE AND THE STATE OF TENNESSEE.

WHILE RRHH, LLC. DOES NOT PLAN TO ENROLL IN TENNCARE AT THIS TIME WE WILL CHARGE THE SAME AMOUNT ACROSS THE BOARD FOR ALL PAYOR SOURCES AND OUR CONTRACTUAL ADJUSTMENTS WILL BE COMPARATIVE TO MEDICARE REIMBURSEMENT. WE HAVE LISTED NO PROVISIONS FOR CHARITY CARE BECAUSE ALL CHARITY CARE WILL BE ABSORBED WITHIN THE COMPANIES PRE-EXISTING FINANCIAL STABILITY.

HISTORICAL DATA CHART

Give	e info	ormation for the last <i>three (3)</i> years for which concy. The fiscal year begins in (Month).	nplete data are	e available for	the facility
ora	gend	cy. The listal year begins in [2012 1115 0	Mear 39	Year
Α.	l I ti li	zation Data (Specify unit of measure)			
Д. В.		venue from Services to Patients			
υ.	1.	Inpatient Services	\$	\$	S
	2	Outpatient Services			
	3.	Emergency Services			
	4.	Other Operating Revenue			
	- 60	(Specify)		,	· ·
		Gross Operating Revenue	\$]\$[\$
C.	Dec	ductions from Gross Operating Revenue			The first
	1.	Contractual Adjustments	\$]\$[]\$[]
	2.	Provision for Charity Care			
	3.	Provisions for Bad Debt			
		Total Deductions	\$]\$]\$[
NE	т ор	PERATING REVENUE	\$	\$	\$
D.	Оре	erating Expenses			
	1,	Salaries and Wages	\$]\$[]\$[]
	2,	Physician's Salaries and Wages			
	3.	Supplies			
	4.	Taxes			
	5.	Depreciation			
	6,	Rent			
	7.	Interest, other than Capital	6		
	8.	Other Expenses (Specify)	0	()	
		Total Operating Expenses	\$]\$]	\$
E.	Oth	ner Revenue (Expenses) – Net (Specify)	\$	\$	\$
NE	T OF	PERATING INCOME (LOSS)	\$	\$	\$
F.	Ca	pital Expenditures			
	1.	Retirement of Principal	\$	\$	\$
	2.	Interest			
		Total Capital Expenditures	\$]\$[\$
NE	T OF	PERATING INCOME (LOSS)			=1 2
		CAPITAL EXPENDITURES	\$	\$	\$

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in JULY (Month). 2012 MAR 30 AN 10: 13 Year 2013 Year 2014 60 🐇 🔆 🔭 72 A. Utilization Data (Specify unit of measure) B. Revenue from Services to Patients \$NA \$NA 1. Inpatient Services 2. **Outpatient Services** 1,552,000.00 1,069,000.00 3. **Emergency Services** 4. Other Operating Revenue (Specify) **Gross Operating Revenue** \$ 1,069,000.00 \$ 1,552,000.00 C. **Deductions from Gross Operating Revenue** Contractual Adjustments \$ 326,550.00 \$ 360,000.00 2. 5,000.00 12,000.00 **Provision for Charity Care** 3. Provisions for Bad Debt **Total Deductions** \$ 331,550.00 \$ 372,000.00 **NET OPERATING REVENUE** \$ 737,450.00 \$ 1,180,000.00 D. Operating Expenses 1. Salaries and Wages \$369,600,000 \$ 383,200,001 2. Physician's Salaries and Wages 2,400.00 2,400.00 3. Supplies 36,900.00 44,280.00 4. Taxes 5. Depreciation 6. Rent 10,800.00 10,800.00 7. Interest, other than Capital 228,360.00 8. Other Expenses (Specify) 440,680.00 **Total Operating Expenses** \$ 642,060.00 \$ 881,360.00 Other Revenue (Expenses) -- Net (Specify) **NET OPERATING INCOME (LOSS)** F. Capital Expenditures 1. Retirement of Principal 2. Interest **Total Capital Expenditures NET OPERATING INCOME (LOSS)** \$ 95,390.00 \$ 298,640.00 LESS CAPITAL EXPENDITURES

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5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

AVERAGE GROSS CHARGE:

1. HOME HEALTH NURSING	116.00 PER VISIT
2. PHYSICAL THERAPY	128.00 PER VISIT
3. SPEECH THERAPY	139.00 PER VISIT
4. OCCUPATIONAL THERAPY	147.30.PER VISIT
5. CERTIFIED HOME HEALTH AIDE	51.00 PER VISIT

AVERAGE DEDUCTION: 0
AVERAGE NET CHARGE: SAME AS AVERAGE GROSS CHARGE

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

1 .HOME HEALTH NURSING	116.00 PER VISIT
2. PHYSICAL THERAPY	128.00 PER VISIT
3. SPEECH THERAPY	139.00 PER VISIT
4. OCCUPATIONAL THERAPY	147.30 PER VISIT
5. CERTIFIED HOME HEALTH AIDE	51.00 PER VISIT

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B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

AGENCY NAME	GROSS CHARGES	TOTAL PATIENTS	AVERAGE CHARGE PER PATIENT
GENTIVA HEALTH SERVICES	4,897,122.00	1048	4,648.10
HOME CARE SOLUTIONS	11,924,808.0	2,192.00	5,440.14
HOME HEALTH CARE OF MIDDLE	33,338,487.00	4,246	7,862.57
INNOVATIVE	511,555.00	73	7,000.60
INTREPID USA	2,615,249.00	644	4,060.94
MAXIM HEALTHCARE	11,504,192.0	138	8,336.37
SUNCREST HOME	1,285,663.00	229	5,614.24
VAND. COM.	4,934,059.00	1,179	4,184.95
VAND. HOME	8,362,995.00	1,180	7,087.00
WILLOWBROOK HOME	10,005,000.00	3,088	3,239.96
CARESOUTH HHA	4,870,489.00	1,395	3,491.38
HENRY COUNTY	1,284,078.00	355	3,617.12
CAREALL HOMECARE	2,813,255.00	285	9,871.0
NHC HOMECARE	3,358,862.00	867	3,874.11
GATEWAY HOME	2,896,199.00	1,050	2,758.28
SUNCREST HOME	37,629,721.0	5,428	6,932.52
LIFELINE HOME HEALTH	2,352,015.00	289	8,138.46
NHC HOMECARE	10,316,014.0	2,212	4,663.65
GUARDIAN HOME CARE	6,869,660.00	1,265	5,430.56
VANDERBILT WALGREENS	13,919.00	81	171.83
CAREALL/VIP	17,012,592.00	1,473	11,549.62
DONELSON	6,908,703.00	1,705	4,052.02
CONTINUOUS	4,688,740.00	905	4,784.00

According to Federal regulations a Home Health (HH) agency is defined as an agency which meets requirements for participation in Medicare. Please also compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code (s).

THE CURRENT CPT CODES USED WITH RAINBOW HOME HEALTH, INC. WILL ALSO USED FOR RBHH.LLC. THE FOLLOWING ARE CURRENT CODES USED.

•	LAB DRAW	36415:	\$3.00
•	WOUND CARE	97597:	\$ 67.60
		97598:	\$22.70
		97605:	\$37.20
		97606:	\$39.67
•	FSBS	82948:	\$4.45
•	IV THERAPY	96365	\$66.09
		96366	\$20.52
		96367	\$30.74
		96368	\$18.29
		96369	\$1587.69
		96370	\$14.53
		96371	\$74.24

- 7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness. THE PROJECTED DATA IS SUFFICIENT TO MAINTAIN COST EFFECTIVENESS. THE DATA SHOWS AT END OF YEAR ONE AND YEAR TWO THE FUNDING WILL BE ADEQUATE FOR ONE OFFICE AND ONE COUNTY.
- 8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

FINANCIAL VIABILITY WILL BE ENSURED WITHIN YEAR ONE. ATTACHED IS A LETTER FROM FIRST FIDELITY BANK WITH A FUNDS AVAILABLE OF \$900,000.00 (section C attachment economic feasibility 2E / letter of funds available and balance sheet)

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

RAINBOW HOME HEALTH WILL PARTICIPATE IN MEDICARE, PRIVATE PAY, PRIVATE INSURANCE. THE ESTIMATED REVENUE FOR THE FIRST YEAR TO BE \$269,000.00 AND YEAR 2 REVENUE TO BE 1,069,000.00.

MEDICARE	PRIVATE PAY	COMMERCIAL INSURANCE	OTHER SOURCE (WORKMENS COMP., VA & ETC.)
95%	2%	2%	11
EQUALS 100 % OF PATIENTS			

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

ATTACHED IS A ESTIMATED 12 MONTH OPERATING BUDGET FOR RAINBOW HOME HEALTH , LLC.

(section C attachment economic feasibility 2E / letter of funds available and balance sheet)

- 11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
- A. discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

RAINBOW HOME HEALTH RESEARCED ALL RESOURCES THAT CURRENTLY ARE GIVING CARE AND NONE WILL PROVIDE THE EFFICIENT AND TIMELY ARRIVAL OF CARE FOR THE PATIENTS. THE ALTERNATIVE WOULD BE FOR THE EXISTING AGENCIES TO CONTINUE TO PROVIDE SERVICES FOR THIS AREA, YET NOTHING WOULD BE ACHIEVED FOR THE PATIENT. THE CARE WOULD CONTINUE TO BE DELAYED DUE TO LONG TRAVEL DISTANCES AND POOR REACTION TIME TO THE NEEDS OF THE PATIENT. BY APPROVING RBHH YOU WILL ASSIST IN PROVIDING EFFECITVE AND EFFICIENT CARE FOR THE ELDERLY IN CHEATHAM COUNTY . IT WOULD NOT BE PRACTICAL TO THE PATIENT TO HAVE A DELAY IN CARE.

b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

N/A THIS PROJECT DOES NOT INVOLVE NEW CONSTRUCTION.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

RAINBOW HOME HEALTH WILL CONTRACT WITH DR REGGIE ANDERSON FOR MEDICAL DIRECTOR UPON CON APPROVAL. SEE ATTACHED SIGNED CONTRACT AND INFORMATION PERTAINING TO DR ANDERSON. (section c attachment 1b/letter from medical director)

RHH, LLC WILL BE WORKING WITH OTHER AGENCIES, HOSPITALS, NURSING HOMES, AND OTHER HOME CARE ORGANIZATIONS IN THE SERVICE AREA, YET AT THIS TIME DO NOT HAVE ANY TRANSFER AGREEMENTS WITH ANYONE.

RBHH WILL ALSO HAVE CONTRACTS WITH PHYSICAL , OCCUPATIONAL, SPEECH THERAPY ,AND SOCIAL SERVICES.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

THE PROPOSAL OF HAVING RAINBOW HOME HEALTH IN CHEATHAM COUNTY WILL HAVE POSITIVE EFFECTS ON THE COMMUNITY.

1. RBHH WILL PROVIDE PROFESSIONAL AND EFFICIENT CARE TO THE PATIENT. THE PATIENT WILL NO LONGER HAVE TO HAVE A DELAY IN RECEIVING ASSISTANCE NOT ONLY ON REGULAR SCHEDULED VISITS BUT IN EMERGENCY SITUATIONS. RBHH WILL WORK TO EDUCATE NOT ONLY THE PATIENTS BUT THE COMMUNITY AS A WHOLE. AFTER RESEACHING CHEATHAM COUNTY WE WERE MEET WITH GREAT ENTHUSIASM AND EXCITEMENT NOT ONLY BY THE BUSINESS COMMUNITY BUT BY THE ELDERLY COMMUNITY. WE HAVE SEVERAL LETTERS OF INTEREST FROM POTENTIAL PATIENTS, SIGNED PETITIONS FROM THE COMMUNITY. ALSO ATTACHED ARE LETTERS FROM BUSINESS LEADERS OF THE COMMUNITY. DUE TO RBHH BEING GEORGRAPHICALLY CLOSER THE AVAILABILITY WILL BE MORE EXTENSIVE CARE AND INCREASED VISITS AND TIME SPENT WITH THE PATIENT.

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- 2. THIS PROPOSAL WILL HAVE NO NEGATIVE EFFECTS. DUE TO PATIENT CARE BEING THE NUMBER ONE GOAL FOR ALL AGENCIES. EXISITING HOME HEALTHS WILL BE RELUNCTANT TO HAVE A NEW HOME HEALTH BEGIN TO SERVICE AN AREA THAT THEY ARE IN, YET WITH THIS THEY WILL HAVE LESS TRAVEL TIME, LESS MILEAGE AND MORE TIME TO SERVE THE PATIENTS THAT ARE IN THEIR COUNTY BASED AGENCY. THEREFORE QUALITY OF CARE WILL IMPROVE FOR ALL PATIENTS. RBHH WILL ALSO BE SERVING THOSE PATIENTS THAT MAY BE IN DIFFICULT GEORGRAPHICAL AREAS.
- 3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

TYPE OF PERSONNEL	CURRENT FTE	PROJECTED WAGE /
CEO	1.0	31,900 COMBINED
CFO	1.0	FIRST YEAR
CLERICAL	2.0	MINIUMUM WAGE FOR STATE OF TENNESSEE
RN	1.0	49,800.00/YEAR COMPARABLE WILL BE ADJUSTED FOR EXPERIENCE
LPN	1.0	31,100.00/YEAR COMPARABLE, WILL BE ADJUSTED FOR EXPERIENCE.
ННА	2.0	14.00/VISIT (19,566.00/YR PER DEPARTMENT OF LABOR (RBHH WILL BE PAYING MORE.)
ST	1.0	CONTRACTED
PT	1.0	CONTRACTED
OT	1.0	CONTRACTED
TOTAL	8.0EMPLOYEED/CONTRACTED	

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4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

THE STAFFING FOR YEAR 1 AND YEAR 2 WILL BE MODEST AND MINIMAL AND THE AGENCY WILL FORESEE NO DIFFICULTY IN FULFILLING ANY OF THE POSITIONS.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education*.

RAINBOW HOME HEALTH, LLC HAS AN EXPERIENCED OWNER WHOM HAS A LICENSED AGENCY IN OKLAHOMA. THE ADMINISTRATION WILL HAVE A WORKING KNOWLEDGE OF RULES AND REGULATIONS AND REIMBURSEMENT PROCEDURES.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

STUDENT NURSES AND CHHA WILL BE WELCOMED IN OUR AGENCY .
THIS WILL HELP FURTHER THE EDUCATION OF FUTURE NURSES AND AIDES.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

THE APPLICANT HAS A FIRM UNDERSTANDING OF THE RULES AND REGULATIONS OF HOME HEALTH.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: WILL FILE FOR ALL LICENSURE UPON APPROVAL OF CON Accreditation:

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

N/A

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(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

N/A

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

NONE

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

NONE

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

RAINBOW HOME HEALTH WILL PROVIDE TENNESSEE HEALTH SERVICES AND ANY OTHER REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

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PROOF OF PUBLIFATIONS 58

ATTACH THE FULL PAGE OF THE NEWSPAPER IN WHICH THE NOTICE OF INTENT APPEARED WITH THE MAST AND THE DATELINE INTACT OR SUBMIT A PUBLICATION AFFIDAVIT FROM THE NEWSPAPER AS PROOF OF THE PUBLICATION OF THE LETTER OF INTENT.

THE PUBLICATION OF INTENT WAS PUBLISHED IN THE ASHLAND CITY NEWS ON WEDNESDAY NOVEMBER 9, 2011. A COPY OF THE PUBLISHERS AFFIDAVIT IS ATTACHED (proof of publication attachment 1)

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

A COMPLETED PROJECT COMPLETION FORECAST CHART IS ATTACHED ON THE FOLLOWING PAGE.

2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published 2012 IAR -	ed in T.Ç. A9 8 68-1	l-1609(c):
Assuming the CON approval becomes the final agency action		
from the above agency decision date to each phase of the	completion forecast	<u>v</u>
		Anticipated Date
Phase	DAYS	
	REQUIRED	(MONTH/YEAR)
1. Architectural and engineering contract signed		
2. Construction documents approved by the Tennessee Department of Health		
3. Construction contract signed		
4. Building permit secured		
5. Site preparation completed		
6. Building construction commenced		
7. Construction 40% complete		
8. Construction 80% complete		
9. Construction 100% complete (approved for occupancy		
10. *Issuance of license	AUGUST 2012	AUGUST 2012
11. *Initiation of service	AUGUST 2012	AUGUST 2012
12. Final Architectural Certification of Payment		
13. Final Project Report Form (HF0055)		
* For projects that do NOT involve construction or renov	vation: Please com	plete items
10 and 11 only.		
Note: If litigation occurs, the completion forecast will b	e adjusted at the ti	me of the final

AFFIDAVIT

STATE OF	OKLAHOMA

2012 MAR -8 AM 9 39

COUNTY OF MCCURTAIN

My commission expires

being first duly sworn, says that he/she My Forshee is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete. Sworn to and subscribed before me this 7th day of Public in and for the County/State of MCCURTAIN

(Month/Day)

March 26, 2012 10:06 am

LIST OF ATTACHMENTS

Applicant Profile

Section A attachment a-5

LLC Operating Agreement

Section A attachment 3 & 4

Lease Agreement

Section A attachment 6

Letters of Support

Section B attachment 1 a

Projected Cost Chart

(12 month operating Budget)

Section B attachment 1 b

Projected Patient Census

Section B attachment 1c

Community Petitions

Section B attachment 1 d

Platt

Section B III a attachment 1a

Floor Plan

Section B III a attachment 1b

Floor Diagram

Section B III a attachment 1c

Doctor Letter

Section C attachment 1a

Letter from Medical Director

Section C attachment 1b

Letters of need from potential patients

Section C attachment 1c

Map of Tennessee

Section C attachment 3 a

Letters of Referral

Section C attachment 6a

Funds available

Section C attachment Economic feasibility 2 e

Proof of publication

Attachment 1

APPLICANT PROFILE:

VICKI LYNN BATES IS THE 51% INVESTMENT HOLDER AND PRIMARY OWNER OF RAINBOW HOME HEALTH, LLC. MRS. BATES IS A REGISTERED NURSE AND CURRENTLY OWNS 100% IF RAINBOW HOME HEALTH., INC. WHICH IS A SISTER COMPANY FOR RAINBOW HOME HEALTH, LLC. THIS COMPANY IS LOCATED IN OKLAHOMA. RAINBOW HOME HEALTH, INC. CURRENTLY HAS SIX BRANCHES. MRS. BATES IS NOT ONLY INVOLVED IN THE BUSINESS ASPECT OF HOME HEALTH BUT SHE IS A HANDS ON ADMINISTRATOR. SHE IS INVOLVED WITH THE DAILY WORKINGS AND IS INVOLVED IN THE MEDICAL ASPECTS OF TAKING CARE OF PATIENTS. SHE IS A WORKING LEADER AND ADMINISTRATOR. MRS. BATES RECEIVED HER RN LICENSE IN 1979. SHE HAS WORKED AS A CHARGE/SUPERVISING NURSE, MEDIC AL LOEGAL CONSULTANT COMPANY, SHE HAS OWNED HER OWN BUSINESS (MVP, MEDICAL VOCATIONAL PROFESSIONALS) SHE WAS ON THE GROUND FLOOR OF THE EMTC PROGRAM WITH THE DEPARTMENT OF HUMAN SERVICES. SHE LATER PARTNERED WITH A LARGE CORPORATION WITH HOME HEALTH AND THEN PROCEEDED TO OWN HER OWN COMPANY IN 2000.

DANIEL AYERS, CEO HAS WORKED FOR OUR SISTER COMPANY FOR THE LAST FIVE YEARS, NOT ONLY ASSISTING WITH THE OPENING OF A PROVIDER SERVICE BUT ALSO WITH OVERALL WORKINGS AND DEVELOPMENT OF THIS SERVICE. HE IS EXPERINCED WITH COMPUTER TECHNOLOGY AND ORGANIZING OF ALL EMPLOYEES. HE HAS EXCELLENT MANAGEMENT SKILLS.

JESSIE AYLERS, CFO IS CURRENTLY SERVING IN OUR ELITE NAVAL FORCES, HE WILL BE RETIRING IN THE NEXT 18 MONTHS. HE HAS EXPERIENCE IN THE FOLLOWING. Atlantic Fleet Submarine Placement Coordinator:

Monitors personnel readiness. Ensures deploying ships and squadrons are kept at the highest possible state of personnel readiness. Processes Enlisted Manning Inquiry Report, PERSMAR, OPHOLD, Cross deck/COMPTOURS, Diverts, EDVR verification, and DNEC/NEC changes in order to maintain manning levels throughout the Fleet. Recommend disposition of additional job positions to adjust for manning shortfalls to the TYPE COMMANDERS/MANNING CONTROL AUTHORITIES. Acts as a single point of contact for over 14,000 positions in the Atlantic Fleet.

Sailor's occupation specialist for all technical rates onboard submarine and shore duty facilities alike:

The primary function of the Placement Coordination Branch is to provide liaison between NAVY PERSONNEL COMMAND PERS 4013 and PERS 403 in support of the enlisted placement effort to maximize the personnel readiness of all fleet and shore activities. Simply put, NAVY PERSONNEL COMMAND provides contact between PERS 4013 and all other segments of the enlisted personnel readiness system. To do this, NAVY PERSONNEL COMMAND's, PERS4013, mission is divided into three separate areas. These are detailer liaison, rating analysis, and special programs.

March 26, 2012 10:06 am CRS Bing™ Map





Map for Parcel Address: 112 Frey St Ashland City, TN 37015-1702, Parcel ID: 055C P 025,00

COPYRIGHT © 2011 COURTHOUSE RETRIEVAL SYSTEM. ALL RIGHTS RESERVED.
Information Deemed Reliable But Not Guarante#d.
Contact Resilvace at 615-385-0777 for Help.

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HERITAGEBANK

108 CUMBERLAND STREET ● ASHLAND CITY, TN 37015 ● 615-792-4337 ● FAX: 615-792-6502 ● WWW.BANKWITHHERITAGE.COM

November 8, 2011

State of Tennessee Health Services and Development Agency 500 Deadrick Street, Suite 850 Nashville, TN 37243

Dear Ms. Hill;

Re: Rainbow Home Health, LLC

In reference to the application of Rainbow Home Health, LLC to operate a home health care business in Cheatham County, TN, I write this letter of recommendation. Although Cheatham County is just west of Nashville, TN, we are in need of home health care services for our aging population. This type of service will enhance the quality of life for our residents while providing much needed economic and job growth in our county. As a business leader in our community I strongly support the approval of Rainbow Home Health, LLC's application to do business in Cheatham County.

Sincerely,

Market President

March 26, 2012 10:06 am

November 8, 2011

State of Tennessee Health Services and Development Agency 500 Deaderick St.
Nashville, TN 37242-0001

To Whom It May Concern,

It is my understanding that a home-healthcare organization is interested in locating in our community. There is a great demand for this type of business as we have an older demographic especially in the central segment of the County.

We have a countywide economic development plan that has been adopted by each of the cities and the county and is being funded by the business community. This plan has Senior Living as one of its main economic development initiatives. Recently, through this plan, we were able to attract an assisted living facility, which will break ground in the first quarter of 2012. We are also marketing an area for a 55+ retirement community to complement this facility. Currently there is only one home-healthcare company in the entire county, with our efforts to increase demand for this type of service and with demands created by our aging population, more home-health businesses will be a welcome addition to our community.

Please contact me with any questions.

Thank you,

Chris Neese

Executive Director

March 26, 2012 10:06 am

November 8, 2011

To Whom It May Concern,

I received an inquiry today asking us to look at the need for a home health care company in Cheatham County. The timing is excellent as far as this office is concerned. As the Director of Economic and Community Development, covering the four cities along with the entire county, I had the opportunity to speak to all elected bodies. The one consistent request, when asked what was needed, was the need for senior living and care facilities. Our demographics are similar to those nationwide where aging is concerned, but as a rural community we have some unique qualities.

A surprising number of our seniors have lived here their entire life. In fact, I have met more than one person that has never left the county. They truly wish to remain here for the remainder of their lives. A home health care business would go a long way in enabling them to realize that dream.

While I realize you have at your disposal research capabilities that enable you to drill down for numbers, my office has access to a lot of that information. If the need arises, please call me. I will be glad to furnish you with whatever information you might need to make a decision.

Sincerely,

James Fenton
Director of Economic Development

CHEATHAM CONNECT

(615) 792-2379 Office (615) 418-1535 Cell JamesFenton@cheathamconnect.com



SUPPLEMENT Mayor # 1
David McCullough @cheathamcountyth 26, 2012

david.mccullough @cheathamcountyth 26, 2012

Phone: (615) 79214506 am

Fax: (615) 792-2001

November 09, 2011

State of Tennessee Health Services and Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Re: Rainbow Home Health, LLC

To Whom It May Concern;

In reference to the application of Rainbow Home Health, LLC to operate a home health care business in Cheatham County, TN, I write this letter of recommendation. This type of service will enhance the quality of like for our residents while providing much needed economic and for growth in our county.

As Mayor of Cheatham County I strongly support the approval of Rainbow Home Health, LLC's application to do business in our county.

Sincerely,

Mayor David McCullough

March 26, 2012 10:06 am

I am a physician currently practicing in Cheatham County, I believe we have a need for a home health agency in our community and I have geriatric patients that could benefit from these services.

Signed Decese forces Pel Care Managor

Section B attachment

Rainbow Home Health, LIC 12-Month Operating Budget

March 26, 2012 10:06 am

Section B attachment

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March 26, 2012 10:06 am

I am a Cheatham County resident, and am very supportive of businesses owned and operated by the Veterans of our United States Armed Forces.

I support Senior Chief Petty Officer Jesse Ayers in opening a home health business in Cheatham County .

This would be a great opportunity to improve the healthcare of our senior citizens and provide local jobs for our community while showing respect and appreciation for the service men who have fought for our freedom and security.

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Section B attachment ID

March 26, 2012 10:06 am

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March 26, 2012 10:06 am

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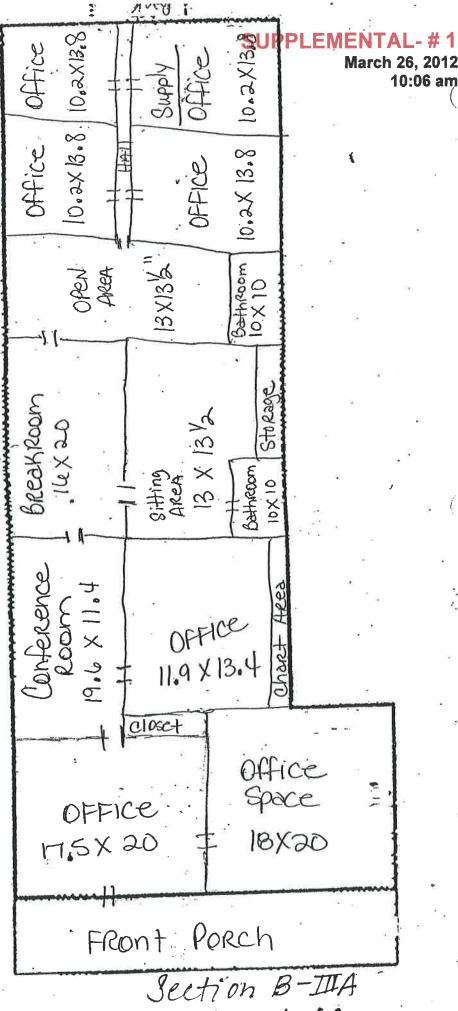
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PG BLOCK LOT 4 TRACT 100 2.00 BUILDING SKETCH (BUILDING #1) ð STATES BY ADER IN WHITE IN LAND VALUE FACTOR 108 40.00 8 60X300X50X300 AT SHED NV; LIVING AREA RES/COMM SPLIT SEE 001 FOR BALANCE OF PROPERTY 805 BLOCK 4,292 CAAS IV - CTOUZE PROBATED IN BLOOM WHILE 5 50.00 1.00000 TRACT BAS 2620 保別 4 850.00 MARKET VALUE EXTRA FEATURE APRIDATE TOTAL LAND UNITS
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PERMIT NUMBER LAND USE CODE(S) 055C USE VALUE # MH

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LAND APR DATE:
REVIEW DATE:
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Section B-IIIA attachment 16



attachment 1c

March 26, 2012 10:06 am

I am a physician currently practicing in Cheatham County, I believe we have a need for a home health agency in our community and I have geriatric patients that could benefit from these services.

Section C Attachment 1A

MEDICAL GROUP

www.thefristellinic.com

Internal Medicine

F. Karl VanDevender, M.D. Louis C. Johnson, M.D. John F. Anderson, M D. Richard B. Martin, M.D. Marilynn Michaud, M D Matthew J. Beuter, M D. Deepinder S. Bal, M.D. David W Allen, M D Hyatt D Sutton, M D Kevin S. McKechnie, M.D. Kevin M. Rigtrup, M.D., Ph.D. Chrystal G. Clamp. M.D. Sterling I. Barrett, M.D.

November 7, 2011

Pulmonary Disease, Critical Care & Sleep Medicinc

Julie Caldwell, APRN, BC Halli B. Carr, APRN, BC Jan Muirhead, APRN, BC.

David A. Jarvis, M.D. Robert J. Mangialardi, M.D. Salim S. Mihyu, M.D. C. Jackson Wray, M.D. Robert M. Scoggins, M.D.

As Medical Director of Rainbow Home Health, I feel that there is a need to have a home health agency in Cheatham County. Please contact me with any questions or concerns at 615-792-1911.

Attn State of Tennessee Health Services and Developmental Agency:

Gastroenterology

Thomas J. Lewis, M.D. A. Saeed Fakhruddin, M.D. Wallace McGrew, M.D. Alan C. Dopp. M.D. William F. Alexander, M.D. Ira E. Stein, M.D. Babu V. Rao, M.D. Priscilla Beatty, APRN, BC

Thank you,

James R. Anderson MD

Endocrinology, Diabetes & Metabolism

Michael G. Carlson, M.D. Brian S Aprill, M.D. Jenny E. Mullen, APRN, BC

Infectious Disease Juli G. Horton, M D

Family Practice

James R. Anderson, M D. James M. Baldwin, M.D. Brandy Enoch, APRN, BC

Section C attachment 10

March 26, 2012 10:06 am

RAINBOW HOME HEALTH, INC. POLICIES AND PROCEDURES

Reviewed and Approved by Board of Directors:	Reviewed and Approved by Board of Directors:
	Date:
Reviewed and Approved by Board of Directors:	Reviewed and Approved by Board of Directors:
Date:	Date:
Reviewed and Approved by Board of Directors:	Reviewed and Approved by Board of Directors:
Date:	Date:
MEDICAL DI	RECTOR CONTRACT
. 9)	IENT RETWEEN

The Medical Director agrees:

To assist the agency staff in evaluating and identifying present and potential future needs and resources in relation to community and the Agency's policies and programs.

To assist in the development of the policies, programs, and functions of the Agency relating to patient care and clinical personnel.

To evaluate the standards of patient care.

To assist the Agency in establishing good, ethical, professional and medical practices.

To direct all disciplines in the provision of patient care.

To review at least annually the patient care policies.

To make recommendations when asked, in the fitness and qualifications of prospective clinical staff.

March 26, 2012 10:06 am

To act as consultant to the Agency staff in matters relating to clinical services.

To participate in utilization review of patient records including the Plan of Treatment and progress of the patient.

To assist the Agency in planning and participate in community programs related to health.

To participate in the review, analysis and appraisal of the effectiveness of the total Agency program through the annual review process.

To serve on the Professional Advisory Committee.

To participate with clinical staff of the Agency in staff meetings and patient case conference meetings when the Clinical Director deems it necessary.

To serve every person of the Agency, regardless of race, color, creed, sex, age, national origin, economic status, or physical limitations.

To provide Medical Director services on a fee for service basis. The fee for services will be \$ \(\begin{align*} \limits \tilde{O} \\ \limits \\ \limits \tilde{O} \\ \limits \\ \li

This agreement shall continue and be binding upon both parties unless terminated, as herein provided, for a period of one year. After the period of one year, this contract will be reviewed and renewed. Any amendments may be made at any time with consent of both parties and all amendments shall be attached to this agreement and made a part of thereof. This agreement may be terminated by either party by the giving of thirty (30) days written notice of the intention to the other party.

Medica Director Signature

Administrator Signature

Date

Date

March 26, 2012 10:06 am

CURRICULUM VITAE

PERSONAL

Name:

James R Anderson, MD

Birth:

October 22, 1957

Marital Status:

Married

Home Address:

324 East Kingston Springs Road Kingston Springs, TN 37082

Business Address:

313 North Main Street

Ashland City, TN 37015

Phone Number:

(615) 792-1911

Fax Number:

(615) 792-6911

Practice:

Family Practice

EDUCATION

University of Alabama

1976-1979

Tuscaloosa, Alabama

University of Alabama Medical School

1979-1983

Birmingham, Alabama Degree of Medical Doctor

POSTGRADUATE TRAINING

Internship:

Jackson, Madison County Hospital

University of Tennessee

Jackson, Tennessee

Family Practice

1983-1984

Residency:

Jackson, Madison County Hospital

University of Tennessee

Jackson, Tennessee

1984-1986

LICENSURE

Tennessee

MD015576

March 26, 2012

10:06 am

CERTIFICATION

American Academy of Family Physicians 1986

HOSPITAL APPOINTMENTS

Centennial Medical Center 2300 Patterson Street Nashville, TN 37203 (615) 342-1000

Baptist Medical Center 2000 Church Street Nashville, TN 37236 (615) 284-5555

PROFESSIONAL EXPERIENCE

Frist Clinic Family Care 313 North Main Street Ashland City, Tennessee 37015 August 2007-Present

Sycamore Valley Acquisition Company, PLLC; Owner d/b/a Sycamore Valley Medical Group 313 North Main Street
Ashland City, Tennessee 37015
January 1995-July 2007

Columbia Medical Group, Dickson, Inc. d/b/a Horizon Medical Group Formally Jackson Clinic Professional Association May 1987-December 2000

Ashland City Clinic Ashland City, Tennessee 37015 July 1986-April 1987

March 26, 2012 10:06 am

I am a senior citizen currently living in Cheatham county. I have not been able to find a home health service in my community.

Name: Juny H. Punlet

Section C attachment 1C

March 26, 2012 10:06 am

I am a senior citizen currently living in Cheatham county. I have not been able to find a home health service in my community.

Name: Edicing mens

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March 26, 2012 10:06 am

I am a senior citizen currently living in Cheatham county. I have not been able to find a home health service in my community.

Name: 4/ atti. Hooper

March 26, 2012 10:06 am

I am a senior citizen currently living in Cheatham county. I have not been able to find a home health service in my community.

Name:

975-3070

March 26, 2012 10:06 am

I am a senior citizen currently living in Cheatham county. I have not been able to find a home health service in my community .

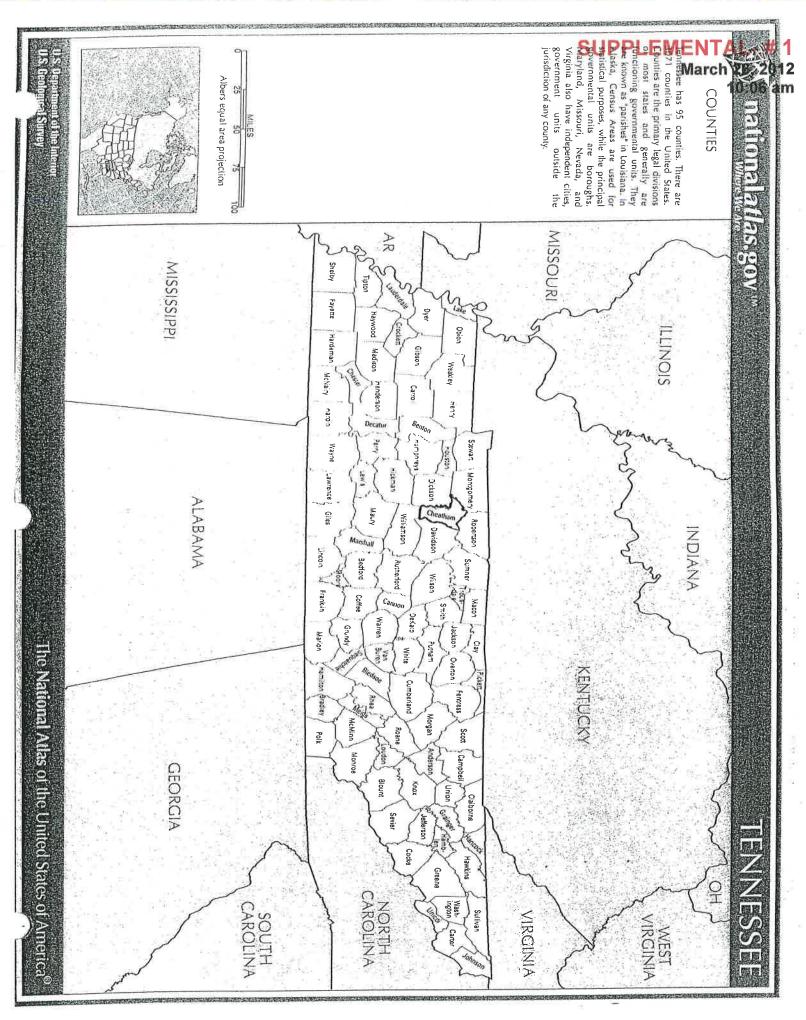
Name: fact Rede

March 26, 2012 10:06 am

I am a senior citizen currently living in Cheatham county. I have not been able to find a home health service in my community .

Name:

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Section C attachment 3a



www.thefristclinic.com

SUPPLEMENTAL-#1

March 26, 2012 10:06 am

Internal Medicine

F. Karl VanDevender, M.D. Louis C. Johnson, M.D. John E. Anderson, M.D. Richard B. Martin, M.D. Marilynn Michaud, M.D. Matthew J Beuter, M.D. Deepinder S. Bal, M.D. David W Allen, M.D. Hyatt D. Sutton. M.D. Kevin S. McKechnic, M.D. Kevin M. Rigtrup, M.D., Ph.D Chrystal G. Clamp. M.D. Sterling I. Barrett, M.D. Julic Caldwell, APRN, BC

November 28, 2011

Critical Care & Sleep

Medicine David A. Jarvis, M.D. Robert J. Mangialardi, M.D Salim S. Mihyu, M.D. C. Jackson Wray, M.D.

Robert M. Scoggins, M.D.

Halli B. Carr. APRN, BC Jan Muirhead, APRN, BC

Pulmonary Disease,

Gastrocuterology

Thomas J. Lewis, M.D. A. Saeed Fakhruddin, M.D. Wallace McGrew, M.D. Alan C. Dopp, M.D. William F. Alexander, M.D. Tra E. Stein, M.D. Bubu V. Rao, M.D. Priscilla Beatty, APRN. BC

Endocrinology, Diabetes & Metabolism

Michael G. Carlson, M.D. Brian S. Aprill, M.D. Jenny E. Mullen, APRN, BC

Infectious Disease Juli G. Horton, M.D.

Family Practice James R. Anderson, M.D. Jamos M. Baldwin, M.D. Brandy Enoch, APRN. BC To Whom It May Concern:

I will refer appropriate patients to Rainbow Home Health since their office is conveniently located in Ashland City, TN. I believe this will improve access to Home Health, I estimate about 15-25 patients a year that will utilize Home Health services from this office.

Thank you,

James R. Anderson, MD

Jellow-

Section C. attachment 6a

Mar 06 12 09:17p

SUPPLEMENTAL-#1

March 26, 2012 10:06 am

HEALTH SPHERE WELLNESS CENTER, LLC

6153767866

Karen Pryor, PhD, PT ** Martha Freeman, PT, DPT Rachel Strader, PT, DPT 5054 Thoroughbred Ln * Brentwood, TN 37027 Ph: (615) 376-7876 ** Fax: (615) 376-7866 kpryor@health-sphere.net * www.Health-Sphere:net

CONFIDENTIALITY NOTICE: The information contained in this notice is confidential and protected by the physician-patient privilege. It is intended only for the use of the individual or entity identified below. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination or distribution of this communication is prohibited. The physician-patient privilege is not waived by the parties sending the documents. If you have received this communication in error, please notify us immediately by telephone and we will arrange to have the original message returned to us-Thank you. *Secure Fax Line*

DATE: 03/06/2012	FAX #: <u>1-580-298-</u>	5500
FROM: Karen Pryor, PhD,	PT', Health Sphere Admin	
COMMENTS:		
 :		
Utgent	x oz your	Reply ASAP





RAINBOW HOME HEALTH, INC.

March 26, 2012

THERAPY CONTRACT FOR PHYSICAL, SPEECH, AND OCCUPATIONAL THERAPY SERVICES

u	V.	•	•	•	9		~		
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agraement is entered in to this	day of March	2012 by and between
	a Therapy	Derdice Co.
APACTED AS PROVIDER, and	Rainbow Home Health, Inc., Hergina	fter referred to as AGENCY.

VHEREAS, Agency is a state licensed and Medicare certified home health care agency, duly authorized to provide some care to patients qualified and deserving of home health care according to state and federal guidelines and seency desires the services of licensed physical therapists, and;

VHEREAS, Provider is qualified and desires to provide physical therapy services to those patients accepted for care vith Agency, and;

VHEREAS, unless expressly specified otherwise in this document, the word "therapist", in either its singular or plural orm, shall be used to denote either or both a registered physical therapist or a registered physical therapy assistant;

HEREFORE, Provider and agency do by signature of this document agree as hereinafter stated.

ERVICES AND FEES

rovider agrees to notify each patient and Agency of scheduled visit dates and times and to make its best efforts to eep patient visit appointments according to the schedule provided.

rovider may, at his sole discretion, accept or decline any patient referral offered by Agency.

vider agrees to furnish and Agency agrees to pay for, under terms hereinafter outlined, the therapy services erformed by Provider under the plan of care established by agency and the patient's physician. Provider agrees to urnish complete and correct visit documentation in compliance with the established plan of care and to provide gency with a detailed billing invoice for all visits conducted on behalf of Agency.

rovider agrees to bill only agency for services provided to Agency's patients, and agrees not to bill Medicare or any ther third party payer for said visits.

gency agrees to pay Fronder	gency agrees to pay Provider	undisclosed per visit	850	2 g
-----------------------------	------------------------------	-----------------------	-----	-----

rovider shall collaborate with Agency to schedule and coordinate visits conducted and progress toward established oals in the patient Plan of Care.

ischarge of any patient from therapy services shall be made at the discretion of the supervising physical therapist in coordance with Agency policy, progress toward stated goals in the patient 's Plan of Care, and in collaboration with gency and the patient's case manager.

rovider agrees to make a good faith effort to perform all required home health visits. Provider will provide purpopriate documentation stating the date and reason for any missed visit and the make-up date, if any. Provider ues to make a good faith effort to make up all missed visits.

rovider agrees to make a good-faith effort to perform all therapy evaluations within seventy-two (72) hours of eceiving in writing proper patient referral forms. Therapy evaluations will be conducted only by a registered

hysical Therapist, in accordance with law and regulation. This same time period shall be in effect concerning the tart of treatment visits following the evaluation, Provider agrees to notify agency within forty-eight (48) hours after eceiving the written patient referral if the evaluation cannot be performed with in seventy-two hours. March 26, 2012

.UMENTATION OF SERVICES

ncy agrees to comply with the system of patient referral and communication s requested by Provider.

Provider agrees to document patient services using Rainbow Home Health Inc. forms. Provider agrees to submit documentation attached with an appropriate Daily Visit Report that is accurate and complete.

Provider agrees to complete the appropriate documentation of patient evaluation and care planning, orders received and treatment visits conducted and to submit this documentation to Agency according to Agency's policy. In most cases, this time frame is no more than forty-eight (48) hours after completion of the visit. Provider agrees to submit documentation of any verbal physician orders received immediately so that Agency may appropriately route for physician signature and reach such orders.

Provider agrees to provide Agency with a written Case Conference note no later than the morning of Agency's regularly scheduled Case Conference.

Provider agrees to notify Agency of Provider's intention to recertify each patient for continued therapy services no later than one week prior to expiration of the patient's current certification period, Provider agrees to collaborate with Agency regarding development and continued goals for patient therapy no later than one week prior to expiration of the patient's current certification period.

Provider will notify Agency no later than three business days in advance of plans to discharge a patient.

b. wider agrees to adhere to Agency policies and procedures for patient care coordination, quality review and improvement, and documentation completion and submission.

COORDINATION OF SERVICES

Provider agrees to coordinate services with Agency to patients towards established goals in the patient's plan of care. Coordination activities include, but are not limited to: written progress reports at least every sixty days, telephone communication with the patient's case manager as necessary to report patient problems, progress toward goals, new physician orders, and participation in Case conferences.

BILLING FOR SERVICES

Provider's invoice to Agency will be itemized by date, patient visit, and mileage. Provider will provide Agency with Daily Visit Records as appropriate.

No payments shall be made to Provider for treatment visits, evaluations, or other services until and unless itemized invoice entries are verified against proper visit documentation.

Agency agrees to pay all verifiable and verified invoices within forty-five (45) days of receipt of such invoice. Provider shall bill Agency on a monthly basis for services rendered during the prior month.

ancy shall be solely responsible for the billing to the patient or third party payer for all charges for services dered by Provider to Agency's patients, and Provider shall look solely to Agency for payment for its services.

AGENCY AND PROVIDER OBLIGATIONS

March 26, 2012 10:06 am

Agency agrees that π shall notify Provider when a patient is unable to receive therapy services on any given day. Provider shall be responsible for contacting the patient before every visit to insure that the patient will be available for the therapy visit. Agency will not be held responsible in any way if patient is unavailable when Provider attempts a visit.

6153767866

V ider agrees to provide Agency with documentation to meet Medicare and state, local and federal law and & Lelines. Such documentation includes, but is not limited to: copies of Provider's professional license, TB test results, CPR certification, driver's license, auto insurance verification, Professional liability insurance, and other documents as may be requested by Agency. Provider agrees to provide updated documents as stated above in accordance with Agency policy.

Provider agrees to conform to all applicable policies of agency and with all applicable state, local and federal laws and regulations.

Provider agrees to participate with Agency in executing an appropriate plan of care on each patient.

CONFIDENTIALITY

Mar 06 12 09:17p

Provider agrees to observe appropriate patient confidentiality guidelines in accordance with Agency policy and appropriate state, local and federal laws and regulations.

Agency and Provider mutually agree to hold confidential any and all terms of this contract and any future addenda.

PROVIDER GUIDELINES

Provider shall perform the therapy treatments in accordance with applicable state and federal regulations. Provider shall not discriminate against any patient or any of Agency's employees or representatives based upon sex, race, color, age, national origin, religion, or handicap, in compliance with Civil Rights Act of 1964 and the Equal noyment Regulations.

MODIFICATION AND TERMINATION	
The intrial term of this agreement shall comme	ባርድ

ommence on the effective date and automatically renew at the one-year The initial term of this agreement to _ 20<u>7/3</u> and continue for each additional year Notwithstanding the above, either party may terminate this Agreement at any time with or without cause upon thirty (30) days' advance written notice.

This agreement may not be modified, amended or supplemented except by a written agreement executed by the parties hereto.

NOTICES

Any notice required or permitted to be given pursuant to the terms of this Agreement shall be in writing and shall be deemed given if delivered in person or of delivered by United States Certified Mail, return receipt requested, to the address set forth below, or to such other addressee as either party shall furnish to the other party by notice.

the respective authorized officers of PROVIDER and AGENCY have agreed to execute this IN WITNESS HEREOF. date heretglore mentioned.

March 26, 2012 10:06 am



November 1, 2011

Vicki L Bates Route 1 Box 6090 Antiers, Oklahoma 74523

Via Fax: 580-208-2828

RE:

FIRST FIDELITY BANK

michael Gullen

Dear Vicki:

Please be advised, that as of this date, you have \$900,000.00 in funds available at First Fidelity Bank.

If you have any questions or need further assistance, don't hesitate to give me a call at 405-416-2274.

Sincerely,

Y. Michael Pullin

Executive Vice President

JMP/pao

Oklahoma City • Tulsa • Phoenix • Norman • Midwest City • Moore • Edmond • Noble • Mustang
P.O. Box 32282 • Oklahoma City, Oklahoma 73123
(405) 416-2222 in OKC • (918) 728-6346 in Tulsa • (602) 912-5500 in Phoenix • Nationwide 1-800-299-7047

1:16 PM

11/22/11 Accrual Basis

Rainbow Home Health, Inc. Balance Sheet As of June 30, 2011

March 26, 2012 10:06 am

Jun 30, 11 **ASSETS Current Assets** Checking/Savings Cash First Fidelity Bank 88,795.51 Ameristate Bank 19,278.61 Total Cash 108,074.12 Total Checking/Savings 108,074,12 Accounts Receivable Patient Accounts Receivable Medicare A/R 166,813,82 Other A/R 1,640.00 **Total Patient Accounts Receivable** 168,453,82 Total Accounts Receivable 168,453.82 Other Current Assets Payroll Clearing 1,902.24 Other Current Assets **Due From Ameristate Bank** 1,187.00 **Employee Loans** 74,100,00 Employee Advances 11,863.18 **Total Other Current Assets** 87,150.18 **Total Other Current Assets** 89,052.42 **Total Current Assets** 365,580.36 Fixed Assets Property & Equipment **Building Improvements** 16,704.36 Building 85,317,62 Major Moveable Equipment 315,922,79 **Vehicles** 526,806.80 **Accumulated Depreciation** 587,573,81 Total Property & Equipment 357,177.76 **Total Fixed Assets** 357,177.76 Other Assets Deposits 2,080.00 **Total Other Assets** 2,080.00 **TOTAL ASSETS** 724,838.12 LIABILITIES & EQUITY Llabilities **Current Liabilities** Other Current Liabilities Deferred Revenue 63,529.75 Payroll Liabilities Gamishment Payable -95.16 Accrued Wages 196,205.25 Payroli Taxes Payable 6,640.58 Total Payroll Liabilities 202,750.67 Total Other Current Liabilities 266,280.42

Total Current Liabilities

266,280.42

1:16 PM 11/22/11 Accrual Basis

Rainbow Home Health, Inc. Balance Sheet As of June 30, 2011

			٦١	un 30, 11
Long Term Liabilities Note Payable-Bank Due to Stockholder Total Long Term Liabilities	÷	76.5	##S	26,812.69 192,663.60 219,476.29
Total Liabilities	15			485,756.71
Equity Shareholders' Equity Paid in Capital Opening Balance Equity Shareholder Distributions	×		-49	72,230.74 97,234.37 46,030.97
Total Shareholders' Equity				-571,034.60
Retained Earnings Net Income		¥.		48,249.19 761,866.82
Total Equity			10.7	239,081,41
TOTAL LIABILITIES & EQUITY				724,838.12

1:17 PM 11/22/11 Accrual Basis

Rainbow Home Health, Inc. Profit & Loss

July 2010 through June 2011

March 26, 2012 10:06 am

Jul '10 - Jun 11

	Jul '10 - Jan 11
Ordinary Income/Expense	a strange of their
Income	\$1. The second s
Patient Service Revenue	
Medicare PPS Revenue	4,020,353.69
Non-Medicare Home Health Advantage Program Revenue	152,666.63
	931,271.45
Total Patient Service Revenue	5,104,291.77
Total Income	5,104,291,77
Gross Profit	5,104,291.77
Expense	
Reconciliation Discrepancies	1,588.19
Skilled Nurse	4 400 000 04
SK-Wages SK-Mileage	1,108,228,94 44,972,01
V -	8 8 888 W
Total Skilled Nurse	1,153,200.95
Physical Therapy	
PT-Contract	229,583,68
PT-Mileage	424.01
Total Physical Therapy	230,007.69
Speech Pathology	
SP-Con ba ct	4,752.60
Total Speech Pathology	4,752.60
Occupational Therapy	9
OT-Contract	314.04
Total Occupational Therapy	314.04
Home Health Aide	
HHA-Wages	841,818.63
HHA-Mileage	27,112.94
Total Home Health Alde	868,931.57
Advantage Program	
ADvantage Prgm-Wages	253,827.59
ADvantage Prgm-Mileage	8,082.16
ADvantage Prgm-Expenses	24,871.97
Total Advantage Program	286,781.72
Administrative & General	
A&G-Wages	478,129.30
A&G-Mileage	24,340.50
Advertising and Promotion	7,837,02
Automobile Expense Bank Service Charges	93,792,49 6,510.77
Business Licenses and Permits	8,091.40
Charitable Contributions	11,415.00
Community Relations	2,502.45
Computer and Internet Expenses	30,277.12
Dues and Subscriptions	330,00
Employee Expense	10,647.33
Equipment Rental Insurance Expense	20,584.90
General Liability Insurance	39,885,96
Life and Disability Insurance	21,953,05
Total Insurance Expense	61,839.01
LOIGH HISMIGHAO PUBOHOO	01,000.01

11/22/2011 15:40

1:17 PM 11/22/11 Accrual Basis

Rainbow Home Health, Inc. Profit & Loss

July 2010 through June 2011

SUPPLEMENTAL-#1

		Jul '10 - Jun 11
Janitorial Expense Meals and Entertainment Medical Director Fees Miscellaneous Expense Non-Billable Medical Supplies Office Supplies Outside Services Postage and Delivery Printing and Reproduction Professional Fees Legal and Accounting	51 24	12,101.54 966.30 7,300.00 2,450,52 41,671.87 49,030,90 29,897.55 5,209.98 322.85
Total Professional Fees		41,413.53
Rent Expense Repairs and Maintenance Taxes - Property Telephone Expense Travel Expense Utilities	with each	52,189,92 23,061,15 581,00 77,988,33 393,08 36,636,34
Total Administrative & General		1,137,512,13
Employee Benefits Payroll Taxes Health Insurance Worker's Compensation Continuing Education Employment Advertising Unemployment Taxes	31	177,253,86 260,125,31 76,113,00 3,135,52 75,15 23,378,83
Total Employee Benefits	M5: 50f	540,081.67
Interest Expense Depreciation Expense	2024) (g)	397.97 118,856.42
Total Expense	008865 BUBS 36	4,342,424.95
Not Ordinary Income	511 HH	761,866.82
Net Income		761,866.82

1:16 PM 11/22/11

Accrual Basis

Rainbow Home Health, Inc. Balance Sheet As of August 31, 2011

n2'	
**	Aug 31, 11
ASSETS	4
Current Assets	19
Checking/Savings	
	(f) in
Cash	
First Fidelity Bank	124,642,56
Ameristate Bank	30,694,15
Uligians Paliv	30,084,15
Total Cash	155,336.71
	100,000.71
TALL Objection of Contract	
Total Checking/Savings	155,336.71
Accounts Receivable	

Patient Accounts Receivable	
Medicare A/R	166,813,82
Other A/R	
Other WV	1,840.00
Total Patient Accounts Receivable	168,453.82
LOCAL LABORATION LACOCITATION	100,430.02
Total Accounts Receivable	168,453.82
attack and attack and attack at	·
Other Current Assets	
Päyröli Clearing	1,902,24
Other Current Assets	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	4.400.44
Due From Ameristate Bank	1,187.00
Employee Loans	74,100.00
Employee Advances	12,063.18
attipio) an i taranta	12,000,10
Total Other Current Assets	87,350.18
Total Other Overest Asset	
Total Other Current Assets	89,252.42
Total Current Assets	413,042.95
(with mail out though	T10,072.00
Fixed Assets	
Property & Equipment	
Building Improvements	16,704,36
Building	85,317.62
Major Moveable Equipment	316,650,79
Vehicles	587,690.80
Accumulated Depreciation	-605,921.45
	(94) (8 Pales)
Total Property & Equipment	400,442.12
	ST S#3 2999239
Total Fixed Assets	400,442.12
LOMI LIVON MODOR	400,772.12
Other Assets	
Deposits	2,080,00
poposita .	2,000,00
Total Other Assets	2,080.00
TOTAL GUILL MODULO	ZIVOUIDO
TOTAL ASSETS	815,565.07

LIABILITIES & EQUITY	
Liabilities	(4)
Current Liabilities	
Other Current Liabilities	
Deferred Revenue	63,529,75
Payroli Liabilities	
Garnishment Payable	1,560.91
Accrued Wages	206,475,74
Payroli Taxes Payable	6,938.12
- A Maria and A A and a second	54 F554 1
Total Payroll Liabilities	214,974.77
	. :
Total Other Current Liabilities	278,504.52
LAMI AMEL AMIGHT FIGHTINGS	4/0,504.52
Total Current Liabilities	278,504.52

1:16 PM 11/22/11 Accrual Basis

Rainbow Home Health, Inc. Balance Sheet As of August 31, 2011

SUPPLEMENTAL-#1

Aug	31	11
MUY	277	TV.

76	******
	24,154.36
	192,663.60
22 - 3	216,817.96
	495,322.48
_49	2,230.74 7,234.37 5,235.83
(*(#1): 144 an	-660,239.46
	810,116.01
GM950 55	170,366.04
0.69	320,242,59
	815,865.07
	27 -49 -43

Rainbow Home Health, Inc. Profit & Loss July through August 2011

March 26, 2012 10:06 am

1:15 PM 11/22/11 Accrual Basis

> Jul - Aug 11 Ordinary Income/Expense Income Patient Service Revenue Medicare PPS Revenue 588,515,31 Non-Medicare Home Health 49,557.26 Advantage Program Revenue 257,882,15 **Total Patient Service Revenue** 895,954.72 **Total Income** 895,954.72 **Gross Profit** 895,954.72 Expense Skilled Nurse SK-Wages 160,630,88 SK-Mileage 9,152.20 Total Skilled Nurse 169,783,08 Physical Therapy PT-Contract 19,985.24 Total Physical Therapy 19,985.24 Speech Pathology **SP-Contract** 690,00 Total Speech Pathology 690.00 Home Health Aide **HHA-Wages** 177,712.45 HHA-Mileage 3,895.05 **Total Home Health Alds** 181,607.50 Advantage Program ADvantage Prgm-Wages 71,170.88 ADvantage Prgm-Mileage 1,917.30 Total Advantage Program 73,088,18 Administrative & General **A&G-Wages** 65,781.66 A&G-Mileage 3,800,00 Advertising and Promotion 4,450,74 Automobile Expense 19,642,02 Bank Service Charges 238.86 **Business Licenses and Permits** 2,431.00 Charitable Contributions 1,600.00 **Community Relations** 186.25 Computer and Internet Expenses 2,732.24 Dues and Subscriptions 19.00 Employee Expense 1,058.96 Equipment Rental 815.77 Insurance Expense General Liability Insurance 7,190.39 Life and Disability Insurance 205.28 Total insurance Expense 7,395.67 Janitodal Expense 556.50 Meals and Entertainment 521.51 Medical Director Fees 2,625,00 Miscellaneous Expense 409.88 Non-Billable Medical Supplies 6,921,37 Office Supplies 17,765.14 **Outside Services** 4,457.22 Postage and Delivery 752.92 **Professional Fees** Legal and Accounting 3,950.00

> > Total Professional Fees

3,950.00

1:15 PM -11/22/11 Accrual Basis

Rainbow Home Health, Inc. Profit & Loss July through August 2011

SUPPLEMENTAL-#1

		Ju	il - Aug 11
Rent Expense Repairs and Maintenance Telephone Expense Utilities			8,080.00 3,003.23 15,382.14 7,182.22
Total Administrative & General			181,759.30
Employee Benefits Payroli Taxes Health Insurance Worker's Compensation Continuing Education Employment Advertising Unemployment Taxes	g ^g (6)	e	26,106.84 24,828.86 6,109.00 762.15 343.09 22,177.80
Total Employee Benefits		50 E E E E	80,327.74
Depreciation Expense Total Expense		(10 mm m mm)	18,347,64 725,588.68
Net Ordinary Income		36	170,366.04
Net Income			170,366.04

March 26, 2012 10:06 am

PUBLISHER'S AFFIDAVIT

March 7, 2012

Rainbow Home Health, LLC 112 Frey Street Ashland City, TN 37015

RE:

Publication of Intent

Tennessee Health Services and Development Agency Notification of Intent to apply for a Certificate of Need Insertion Order No: 101529363; March 7, 2012

Cost: \$ 31.02 (paid with VISA ending in 3191; Jacy Ayers)

THIS IS NOT A BILL, INVOICE TO FOLLOW

STATE OF TENNESSEE COUNTY OF CHEATHAM

Shirley Bradley, says on oath that she is the General Manager of THE ASHLAND CITY TIMES, and that the attached legal advertisement was published in THE ASHLAND CITY TIMES on the following dates:

1 Bredle

Run Dates: March 7, 2012

Affiant

THE ASHLAND		711		CLAS
Public Notices	by the Substitute	Dills Subdivision	strument being	325 Belvin Driv
payable.	by the Substitute Trustee at any time. This office may	of Lots 34-46, as	of record as in- strument Number	Nashville, 1 37211
Enforce the Debt	This office may be a debt collec-	plan of said sub- division of record	20070525- 0062622, all re-	County, Tenne
Wells Farge	tor. This may be	Map 14, in the	corded in the Register's Office	see, being Lot N 26-A on the ph
The following re	collect a debt and larry information	Register's Office for Cheatham	for Davidson County, Tennes-	of Resubdivision
in Cheathan	lobtained may be used for that pur-	County, Tennes	see and certain tracts of land lo-	Southwood, of r
see, will be sole	pose. Shapiro & Kirsch,	erence is here made for a more	cated in Cheat- hum County, Ten-	6250, page 89
call bidder:	LLP Substitute Trustee	particular de scription. Being	nessee, said in- strument being	Register's Officer for said Count
the Plan of Cald	www.kirschattor	the same proper- ty conveyed to	of record as in- strument Number	to which plan re erence is herel
record in Plat	Shapiro & Kirsch,	Terry L. Woods, Jr. by deed being	79149, Record Book 155, page	complete d
(Slide 3988), Reg	555 Peckins Road	recorded simulta- neously horewith.	614, as modified by that certain	Being the san
Cheatham Coun	Extended, Second Floor	DRESS: 1632	Deed of Trust	veyed to Steve
which plat refer-	38117 max 2257	Ashland City, TN	2006, said instru-	by Deed from Jo
a more complete description.	5566 Ear mot 1761 6600	OWNER(S): Terry	cord as Instru-	V. Bobbs an wrife, Buen Dobbs, and Roge
Street Address:	File No. 11-028110	Terri L. Woods,	91305, Record	W. Dixon an
Ashland City, Tennessee 37015	March 7, 14, 21,	above described	50, as modified	Dixon, dated Jan
Parcel Number: 01-065E-A-065E-	Insertion No:	subject to all	Modification of Deed of Trust	record in Boo
56.00 -000 Current Owner(s)	SUBSTITUTE	on any recorded plan; any unpaid	dated December 20, 2006, said in-	Register's Office for Davidso
of Property: Robi Griffin	WHEREAS, de-	taxes; any re- strictive cove-	strument being of record as in-	County, Tenne
The street ad- dress of the	made in the pay-	nants, easements or set-back lines	strument Number 9674Z. Record	313 Garrett Driv Nashville, T
above described property is be-	and obligations	that may be ap- plicable; any pri-	Book 236, page 226, and as fur-	37211 Land in Davidso
lieved to be 113 Mimitz Circle,	paid by that cer-	or tiens or en- cumbrances as	ther modified by that certain Mod-	See, being Lot No
Asmand City. Tennessee 17015,	Trust executed	well as any prior- ity created by a	of Trust dated	Caldwell Ha
is not part of the	by Terry L.	any matter that	may 11, 2007, said instrument	cord in Boo
of the property	Terri L. Woods,	an accurate sur- vey of the prem-	ueing of record as Instrument	2500, page 57, 5 & 59, Register
the event of any	son, frustee, as	close. SUBORDI-	Number 99559, Record Book 248,	County, to which
legal description	record in the	HOLDERS: N/A	page 212, all re- corded in the	hereby made for
troi.	of Cheatham	ESTED PARTIES:	for Cheatham	a more completed
TENANT(S)	see, under Book 416, Page 945	equity of re-	see (collectively,	Being the sam
SESSION.	C'Deed of Trust'); and	tory or otherwise,	Trust"); and	veyed to Thoma
48 3588 letter	WHEREAS, the beneficial inter-	dower are ex-	debtedness se-	wife, Bessie V
porrower(s) pur-	est of said Deed of Trust was last	said Deed of	ahove referenced	from Gaines an
see Code Anno-	transferred and assigned to BANK	the is believed to	past due and un-	tion Company
This sale is sub- ect to all matters	OF AMERICA, N.A., SUCCESSOR	undersigned will	WHEREAS, by in-	71, 1960, of re-
hown on any ap- dicable recorded	BY MERGER TO BAC HOME	only as Substi-	May 13, 2009, and	3101, page 17
olat any unpaid axes; and any	IOANS SERVIC-	right is reserved	strument Number	for Davidso County Tenne
estrictive cove- tants, ease-	HOME LOANS	day of the sale to	0016181, Regis- ter's Office for	see. By Quitchar Deed, dated Jud
nonls, or set- pack lines that	SERVICING, LP: and WHEREAS,	time, and place certain without	Davidson County, Tennessee, and	24, 2005 of recor in Instrument No
may be applica- ole; any statutory	CA, N.A., SUC-	further publica- tion, upon an-	of record as in- strument Number	20050803- 0091291. Thoma
ion of any gov-	GER TO BAC	nouncement at the time and	117195, Record Book 321, page	L. Smith, Jr. an wife, Bessie V
y, state or feder-	SERVICING. LP	place for the sale set forth above.	161, Register's Office for Cheat-	their intered t
r encumbrances	WIDE HOME	TEMPT TO COL-	Temseess, the	ney and Cathe
priority created	ING, LP, the hold- er of said Deed of	ANY INFORMA-	of the debt se-	tenants wit
and to any mat-	Trust, (the "Hold- er"), appointed	WILL BE USED	Deed of Trust ap-	ship.
ate survey of the	the undersigned, Nationwide Trus-	POSE Nation	Houston, IV as	Road Ashian
disclose. This sale is sub-	tee Services, Inc., as Substitute	Services, Inc.,	ee, in accordance	Property locate
ect to all matters shown on any ap-	Trustee by instru- ment filed for re-	ee c/o PP Nation-	sions contained in said Deed of	district of Chea ham County, Ter
olicable recorded plat any ungaid	ter's Office of	Services, Inc. 1587 Northeast	Trust; and, WHEREAS, as of	nessee, to -wit: Beginning in th
axes: and any estrictive cove-	ty, Tennessee,	Expressway At-	March 2, 2012, at 5:00 p.m., there	east line of lot n
nents, ease- nents, or set-	rights, powers	(494) 417-4040 File No.: 432,100	are no state or lesteral tax liens	of the land of the
nay be applica-	the original Trus-	5561TN Web Site: www.jilegal.com	filed against Grantors in said	deceased, at the
ight of redemp-	Deed of Trust	February 22, 29,	Register Offices; and	of Lot No. thence North
romental agen-	pursuant to Tenn.	2012: March 7.	FORE, I, David W.	to a chestne
r, state or leder- l; any prior lices	117 (i), not less	0101524894	Successor Trust	ter of lan
s well as any	days prior to the	HOTICE OF FORECLOSURE	the request of	thence South 88
y a fixture filing,	required by § 35- 5-101, the notice	WHEREAS, de- fault having been	holder of the	poles to a stak
er that an accu- ate survey of the	of the right to foreclose was	made in the pay- ment of the debt	said Deed of	northwest co
remises might isclose.	properly sent, it so required; and	and obligations, and in the terms	tue of the power	2° West crossin Sugar For
i right of equity redemption.	FORE, notice is	and conditions provided for in	vested in me as Successor Trust-	Branch at 107 L/ poles, continuin
tatutory and therwise, and	nereby given that the entire indebt-	of Trust dated	ee. give notice that I will on Fri-	in alt, 137-7/1 poles to a stake
omestoad are expressly waived	declared due and	R. Rick Hart.	day, March 30, 2012, commenc-	corner of GJ Hunt: thenc
rust, and the ti-	vided in said	ed by Siphen E. Barney and Cather	(CDT), at the	North 88" Wes 83-6/10 poles 1
e good, but the	the Holder, and	L. McCormick	main door of the Davidson County	containing 7
ell and convey	signed, Nation-	conveying cer-	negister al Deeds.	more or less.
ute Trustee.	Services, Inc., Substitute Trust-	located in David- son County, Ten-	na. 501 Broad	EXPRESSLY EXPRES
erved to adjourn	ee, or its duly ap- pointed attorneys	nessee, said in- strument being	Tennessee, pro-	tion of the proc
ale to another	or agents, by vir- tue of the power	of record as in- strument Number	public outcry to	of Sweet Hom
lace certain othout further	and authority vested in it, will	20060711- 0083073, as modi-	der for cash, and free from all clots	the sam
ublication, upon announcement at	on Thursday, March 22, 2012,	tied by that cer- tain Modification	of homestead,	veyed to Allen & Tansel from Lec
ne time and lace for the sale	commencing at 2:00 PM at the	of Deed of Trust dated June 20,	demption, statu-	nard Meltion e
et forth above. If ne highest bid-	front steps of the Main entrance of	ment being of re-	demption, and all other rights and	14.67 acres, mor or less, of recor
er cannot pay ne bid within	the Cheatham County Court-	cord as Instru- ment Number	exemptions of	in Deed book 16.
venty-four (24) ours of the sale.	nouse. Ashland City, Tennessee,	20060817- 0101227, as modi-	cluding, but not	ter's Office fo Cheatham Coun
ie next highest idder, at their	proceed to sell at public outcry to	ned by that cer- tain Modification	utory right to an elective share, all	ty, Tennessee. Being the same
ghest bid, will e deemed the	use highest and best hidder for	dated December	of which are ex- pressly waived in	property con veyed to Stepher
rccessful bid- er.	ng described	strument being	the Deed of Trust, the follow-	E Barney and Cathy L
nis property is eing sold with	n Cheatham	strument Number	ing described property (collec-	McCormick, both unmarried, by
vation that the	see, to wit: Land	and as further	tively, the "Prop- erty") in David-	eeed from, Juditi R, Newman n/k/
onfirmation by	Strates Saladows at any control of the property of the propert	certain Modifica-	son County, Ten- nessee and	dated June 23
The statement of the st		ALCOHOLOGO ZOTE TO THE	Locasiam Countil	CANADA SELECTION II

SSFIEDS

The Control of the Control

CERTIFICATE OF NEED

2012 MAR 26

This is to provide notice to the Health Seprices MUNITAL - # Development Agency and all interested parties, March 26, 2012 aecordance with T.C.A. \$68-11-1601 et seq., and the Rule 66 am of the Health Services and Development Agency, that: Rainbow Home Health, LLC owned by Jana Ayers, Jacy Ayers, Vicki Bates with an ownership type of LLC and to be managed by: Daniel Ayers, CEO, Jessie Ayers, CFO intends to file an application for a Certificate of Need for (to establish Home Health organization and initiate Home Health services in Cheatham County. The office will be beated at 112 Frey Street, Ashland City, Tennessee 37015. The projected cost is \$262,000.00. Rainbow Home Health will provide nursing services (Licensed Practical Nurse, . Registered Nurses, Speech, Occupational, Physical Therapy. Wound Care Nurses, IV Therapy services, Certified Home Health Aides). The anticipated date of filing the application is! March 12, 2012. The contact person for this project is loy forshee. Acting DON, who may be reached at: Rainbow-Home Heaith. LLC, 112 Frey Street; Ashiand City, Tennessee 37015; 1-580-212-7801 or 1-615-812-5156. Upon written request by interested parties, a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to: Health Services and Development Agency Andrew Jackson Building 500 Deaderick Street, Suite 850 Nashville, Tennessee 37243 The published Letter of Intent must contain the following statement pursuant to T.C.A. \$68-11-1607 (c) (1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing

to oppose the application must file written objection with the Health Services and Development Agency at or prior to

the consideration of the application by the Agency.

Copy Supplemental #1

Rainbow Home Health

CN1203 -013

March 26, 2012 10:06 am

CERTIFICATE OF NEED APPLICATION 57

FOR

RAINBOW HOME HEALTH, LLC

ESTABLISH HOME HEALTH AGENCY IN CHEATHAM COUNTY CON 1203-013 SUPPLEMENTAL CORRECTIONS

March 23, 2012

CONTACT PERSON:
JOY FORSHEE
112 FREY STREET
ASHLAND CITY, TENNESSEE 37015
580-212-7801 OR 615-812-5156



March 26, 2012 10:06 am

Supplemental Corrections for CON 1203-013 Rainbow Home Health , LLC

1. Attachments:

The attachments provided have not been identified by the applicable item number of the application and placed in alpha-numeric order consistent with the application form. Please renumber your attachments and place them in the appropriate order.

Please see the revised original CON application submitted previously with the corrected identified attachments. Supplement Correction ./ Question #1 attachment 1)

2. Section A, Applicant Profile, Item 5

Please provide a brief description of the applicant's expertise to operate a home health agency. In addition, a brief overview outlining area's of expertise and experience of the senior management team would be helpful.

VICKI LYNN BATES IS THE 51% INVESTMENT HOLDER AND PRIMARY OWNER OF RAINBOW HOME HEALTH, LLC. MRS. BATES IS A REGISTERED NURSE AND CURRENTLY OWNS 100% IF RAINBOW HOME HEALTH., INC. WHICH IS A SISTER COMPANY FOR RAINBOW HOME HEALTH, LLC. THIS COMPANY IS LOCATED IN OKLAHOMA. RAINBOW HOME HEALTH, INC. CURRENTLY HAS SIX BRANCHES. MRS. BATES IS NOT ONLY INVOLVED IN THE BUSINESS ASPECT OF HOME HEALTH BUT SHE IS A HANDS ON ADMINISTRATOR. SHE IS INVOLVED WITH THE DAILY WORKINGS AND IS INVOLVED IN THE MEDICAL ASPECTS OF TAKING CARE OF PATIENTS. SHE IS A WORKING LEADER AND ADMINISTRATOR. MRS. BATES RECEIVED HER RN LICENSE IN 1979. SHE HAS WORKED AS A CHARGE/SUPERVISING NURSE, MEDIC AL LOEGAL CONSULTANT COMPANY, SHE HAS OWNED HER OWN BUSINESS (MVP, MEDICAL VOCATIONAL PROFESSIONALS) SHE WAS ON THE GROUND FLOOR OF THE EMTC PROGRAM WITH THE DEPARTMENT OF HUMAN SERVICES. SHE LATER PARTNERED WITH A LARGE CORPORATION WITH HOME HEALTH AND THEN PROCEEDED TO OWN HER OWN COMPANY IN 2000.

<u>DANIEL AYERS, CEO</u> HAS WORKED FOR OUR SISTER COMPANY FOR THE LAST FIVE YEARS, NOT ONLY ASSISTING WITH THE OPENING OF A PROVIDER SERVICE BUT ALSO WITH OVERALL WORKINGS AND DEVELOPMENT OF THIS SERVICE. HE IS EXPERINCED WITH COMPUTER TECHNOLOGY AND ORGANIZING OF ALL EMPLOYEES. HE HAS EXCELLENT MANAGEMENT SKILLS.

JESSIE AYLERS, CFO IS CURRENTLY SERVING IN OUR ELITE NAVAL FORCES, HE WILL BE RETIRING IN THE NEXT 18 MONTHS. HE HAS EXPERIENCE IN THE FOLLOWING. Atlantic Fleet Submarine Placement Coordinator:

Monitors personnel readiness. Ensures deploying ships and squadrons are kept at the highest possible state of personnel readiness. Processes Enlisted Manning Inquiry Report, PERSMAR, OPHOLD, Cross deck/COMPTOURS, Diverts, EDVR verification, and DNEC/NEC changes in order to maintain manning levels throughout the Fleet. Recommend disposition of additional job positions to adjust for manning shortfalls to the TYPE COMMANDERS/MANNING CONTROL AUTHORITIES. Acts as a single point of contact for over 14,000 positions in the Atlantic Fleet.

March 26, 2012 10:06 am

Sailor's occupation specialist for all technical rates onboard submarine and shore duty facilities alike: The primary function of the Placement Coordination Branch is to provide liaison between NAVY PERSONNEL COMMAND PERS 4013 and PERS 403 in support of the enlisted placement effort to maximize the personnel readiness of all fleet and shore activities. Simply put, NAVY PERSONNEL COMMAND provides contact between PERS 4013 and all other segments of the enlisted personnel readiness system. To do this, NAVY PERSONNEL Command's, PERS4013, mission is divided into three separate areas. These are detailer liaison, rating analysis, and special programs.

THE MANAGEMENT TEAM ARE ALL QUALIFIED TO MANAGE RAINBOW HOME HEALTH, LLC.

3. Section B, Project Description, Item I

Does the applicant intend to provide private duty nursing services?

No, not at this time.

4. Section B, Project Description, Item III.A. (Plot Plan)

The submitted plot plan is noted; however please answer the following questions:

What is the size of the site in acres?

.34 acre

Besides Frey Street what are the names of the other streets that border the site.

Main street runs South and Frey Street runs until connects with Hwy . 49

5. Section C, Need, Item 1.a. (Project Specific Criteria-Home Health Services) 4.

It appears that 2011 home health data is final. Please recalculate home health need using 2011 patients served, 2011 estimated population, and 2016 projected population.

Service Area	Agencies Licensed To Serve	Agencies Report Serving 2011 JAR reports	Total Patients Served Per 2011 JAR reports	Estimated 2011 Population	Use Rate	Projected 2016 Population	Projected Capacity	Projected Need (.015x 2016) population	Need Surplus For 2016
C H E A T H A	29	23	899	41,700	0.0216	44,357	958	665	293

The projected numbers were derived from the Tennessee Health Department

,http://www.state.tn.us/tacir/population.html. The use rate was determined by the following formula. Patient number divided by the population = use rate, then proceeded to take 2016 projected population x the use rate which = to the projected capacity. The next step was to take the .015 x 2016 projected population which in

March 26, 2012 10:06 am

turn gave the need surplus for 2016.

As stated in the following statement by the Tennessee Health Department at ,http://www.state.tn.us/tacir/population.html you can see that there is a word of caution with these numbers and they are subject to change. This is only a projected number .

Word of Caution

Users of this data should be aware that population projections such as these rely on a number of assumptions about the continuation of past trends into the future. When using population projections such as these, people are encouraged to use them as a guide illustrating a general possible scenario of future growth patterns. Although these projections are based on a mathematical model using sound scientific principles, ultimately, the overall accuracy of these projections will depend on the extent to which future events unfold in a manner that mirrors these past observations. Different projections using different assumptions will inevitable yield different results. In addition, there may be people with specific knowledge or understanding of events and factors that may affect their local communities that could result in a more complete understanding of the growth dynamic affecting their community. **Thus, we caution users not to construe these figures as predicting a specific or inevitable future course of events.** Instead, the numbers contained within this report should be read as a likely course of future population change based on a continuation of past trends. Population projections such as these are simply one of a number of tools that planners and local community leaders should consider when envisioning the future for their communities.http://www.state.tn.us/tacir/population.html

6. Section C, Need, Item 1.a. (Project Specific Criteria-Home Health Services) 5a.-b.

The letter from Dr. Anderson indicating the referral of 15-25 patients annually is noted. If applicable please provide additional similar letters from other area physicians and referral sources, e.g., discharge planners in hospitals and nursing homes.

As stated above Dr. Anderson will be referring 15-25 patients annually, this is a projected number as well. Attached is also a letter from Karen Pryor, PhD. Physical Therapist where she and her facility will also be referring patients as well. Rainbow Home Health will also be marketing our services when CON is obtained which in turn will also facilitate growth. (Section A attachment -1)

7. Section C, Need, Item 1.a. (Project Specific Criteria-Home Health Services) 5c.

The six letters from area residents expressing inability to find home health services is noted. If applicable, additional similar letters would further document need for the service.

The attached letters are currently all that are available at this time.

March 26, 2012 10:06 am

8. Section, C Need, Item 5.

Your response to this item is noted. Please add a column identifying each agency's name and at a row at the bottom of the chart showing totals.

March 26, 2012

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Total	Careall	Walgreens	Guardian	Springfield	NHC	_ifeline	Gateway	NHC	Careall	Henry	Caresouth	Willowbrook	/anderbilt	Vanderbilt	Suncrest	Maxim	Intrepid	nnovative	IN	of Middle	H.H Care	_HC	Gentiva	Friendship	Elk Valley	Continuous	Middle TN			Amedisys	Alere		Name	Acency	license #	Agency
	Wilson	Williamson	Williamson		Robertson	Robertson	Montgomery	Maury	Maury	Henry	Franklin	Davidson	Davidson	Davidson	Davidson	Davidson	Davidson	Davidson			Davidson	Davidson	Davidson	Davidson	Davidson	Davidson		Davidson	Davidson	Davidson	Davidson		0	Office	Of	County
27,462	1765	33	1040		335	438	873	2090	367	515	1262	2867	885	610	610	610	610	610			610	2069	1629	772	729	731		631	1129	3032	610		(C	pariona	total	2009
35,277	1680	14	1382		867	289	1050	2150	354	355	1197	3413	1049	1155	4728	154	386	74			4017	2140	1345	769	547	788		701	1443	2881	349		000	pancha	total	2010
36,142	1473	81	1265		867	289	1050	2212	285	355	1395	3088	1180	1179	5428	138	644	73			4246	2192	1239	1040	250	905		756	1538	2834	140		90	pancing	natients	2011
816	19	0	163		39	25	6	10	0		3	111	14	34	95	1	2	0			115	28	37	17	4	20		0	24	44	5	served	patients	Colinty	Cheatham	2009
730	0	0	27							0	10	145	20	37	120	5	6	0			114	28	35	11	4	30		0	33	29	0		served	natients	County	2010
779	2		27		46		8			0		119	16		13		20				1			10	1	43		0	39				served	natients	County	2011
49.56%	0.1		2.13		5.3			0.4			2.72				2.5	1.44	3.1						3.87	0.96	0.4	4.75			2.53		0.70%	total pts. served	a % of	natiens as	County	2011 Chaotham
6 84.03%	1 0.2	0 0	3.46		3 5.9	3 2.05	7 1.02	4 1.28	0)	2 4.8	1	5 2.05		5 1.74	4 0.2	2.6	0			3 15.7		7 6.16	3 1.28	4 0.1	5.51		0 0	5	3.46	0.10%		County Patients	of total Cheatham	nts Asa %	2011

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9. Section C, Need, Item 6

Your response to this item is noted. You have a letter from Dr. Anderson indicating potential referrals of 15-25 patients annually. It is unclear how the applicant determined that there would be 60 patients by Year 2. Experience of a home health agency in Oklahoma does not necessarily mean a similar experience in Cheatham County. Please explain in more detail and/or provide documentation from other referral sources that support your projection of 60 patients in Year 2.

Referrals by Source	1 st Year	2 nd	Total	
Dr Anderson / Medical Director	25	25	50	
Physicians. Nursing Homes, PT. Referrals, Hear Say from current patients, HHA referrals, Hospital Discharge Workers. (this is a projected number.)	5	5	10	
As previously projected the number of patients by year two. This number can and will most likely fluctuate.			60 patients by year two.	

How did the applicant determine that on average each patient will require three visits?

The projected number of patients were determined by an estimation. Patient visits vary with diagnosis. Where as some patients will need on the average of one visit per week to one visit every other week there will be patients who will need three times per week to daily visits. Below is an example of the projected visits for year one for the skilled nurse.

EXAMPLE: Year One Skilled Nurse

PATIENTS	PROJECTED WEEKLY VISITS	TOTAL OF WEEKLY VISITS
10	3 times per week	30
5	1 time per week	5
5	Every other week	5
2	7 times per week	14
TOTAL		54 VISITS PER WEEK /PROJECTED NUMBER OF VISITS

The average amount of visits were then averaged out at 54 visits divided by 22 patients which equals 2.45 visits, which we then round up to 3 visits per week.

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The following projects the following two years for skilled nursing.

Year one	54 visits per wk divided by 22 patients = 2.45 visits / rounded up to three visits per week, then 52 weeks per yr. x 54 visits = 2,808.
Year two	144 visits per wk divided by 60 patients = 2.4 visits /rounded up to three visits per week, then 52 weeks per yr. x 144 visits = 7,488
Year three	172 visits per wk divided by 72 patients = 2.38 visits / rounded up to three visits per week , then 52 weeks per yr. x 172 visits= 8,944

The statement in the last column "Projected loss to 10 pts. Leaving estimated third year patient count to be 72 patients" is unclear. Please explain.

The ten (10) patient loss is projected to be due to patient goals met with discharge, patient transfers to hospice or nursing homes or the unfortunate event of death, or moving out of geographical location.

In responding to these questions regarding supporting documentation of your projections, please note that citing the experience of a home health agency in Oklahoma is not an acceptable response.

Additionally please project separately the number of nursing, PT, OT, speech, and hha visits that will take place each of the first two years of operation. These projections should be consistent with the patient and visit numbers previously provided.

The following are the projected numbers for percentage of patient needing these services for all three years and the estimated number of visits per year.

Patient Census	Patients served	Visits per week	Visits per year
22	22 divided by 1/3 = 7.33	7.3 x 2 = 14.6 Visits per week	14.6 x 52 = 759.2 visits per year
60	60 divided by 1/3 = 20	20 x 2 = 40 Visits per week	40 x 52 = 2,080 visits per year
72	72 divided by 1/3 = 24	24 x 2 = 48 Visits per week	48 x 52 = 2,496 visits per year
TOTAL	The 1/3 of patients is only a projection this could be more or less in r/t the discipline of the patients.		5,335.2 FOR ALL THREE YEARS

The estimated number of visits in our CON was 3,432 for skilled nursing in year one this did not include our additional services. The estimated visit total for all visits for all years all as follows.

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Year one	2,808 SN visits per yr. plus 759.2 other services which equals to =	3,567.2 total visits for all services this is only a projected number.					
Year two	7,488 SN visits per yr. plus 2,080 other services which equals to =	9,568 total visits for all services this is only a projected number.					
Year three	8,944 SN visits per yr. plus 2,496 other services which equals to =	11,440 total visits for all services this is only a projected number.					

The following chart show the breakdown of these services.

YEAR	ННА	ОТ	PT	ST	SN	TOTAL
YEAR 1	146	168	423	22	2,808	3,568
YEAR 2	400	462	1,160	59	7,488	9,568
YEAR 3	480	554	1,392	71	8,944	11,400

10. Section C., Economic Feasibility, Item 1 (Project Costs Chart)

Even if the sister company in Oklahoma will be paying for administrative and equipment costs, any costs associated with the project should be included in this chart, regardless of the payer.

Since this project is being paid by cash reserves, there should not be an entry for reserve for debt service. This chart should consist of costs associated with starting this project regardless of the payer. Please revise your chart accordingly.

Please see adjusted project cost chart . (Section C- attachment project cost chart - 1)

11. Section C., Economic Feasibility, Item 3

Your response to this item is noted. Please compare the project cost of this application to the project cost of previously heard home health CON applications.

After reviewing the Tennessee (http://www.tn.gov/hsda/pdfs/certif_need_project_00_pre.PDF) information for CON filed from 2000-present it was noted that several of the CON applications ranged from 166,383.00 CN0504-033 in year of 2005 to 577,000.00 CN 0705-036 in year of 2007. The most current listed on this site is the CN1201-002 with date of 04/25/2012 for meeting date , yet no cost is listed at this time. Rainbow Home Health , LLC project cost chart has been adjusted due to accounting misunderstanding . RBHH included the projected first year service.

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12. Section C. Economic Feasibility, Item 4 (Projected Data Chart)

Since your utilization projections are based on patients and visits, please change these numbers to reflect patients or visits rather than episodes of care.

Please discuss what episodes of care are and how they differ from counting patients and visits.

Below is the definition from CMS.gov concerning episodes of care and payment for these episodes.

Appropriations Act (OCESAA) of 1999, called for the development and implementation of a prospective payment system (PPS) for Medicare home health services. The BBA put in place the interim payment system (IPS) until the PPS could be implemented. Effective October 1, 2000, the home health PPS (HH PPS) replaced the IPS for all home health agencies (HHAs). The PPS proposed rule was published on October 28, 1999, with a 60-day public comment period, and the final rule was published on July 3, 2000. This section contains useful information for understanding and implementing the prospective payment system for home health agencies.

Under prospective payment, Medicare pays home health agencies (HHAs) a predetermined base payment. The payment is adjusted for the health condition and care needs of the beneficiary. The payment is also adjusted for the geographic differences in wages for HHAs across the country. The adjustment for the health condition, or clinical characteristics, and service needs of the beneficiary is referred to as the case-mix adjustment. The home health PPS will provide HHAs with payments for each 60-day episode of care for each beneficiary. If a beneficiary is still eligible for care after the end of the first episode, a second episode can begin; there are no limits to the number of episodes a beneficiary who remains eligible for the home health benefit can receive. While payment for each episode is adjusted to reflect the beneficiary's health condition and needs, a special outlier provision exists to ensure appropriate payment for those beneficiaries that have the most expensive care needs. Adjusting payment to reflect the HHA's cost in caring for each beneficiary including the sickest, should ensure that all beneficiaries have access to home health services for which they are eligible.

The home health PPS is composed of six main features:

1) Payment for the 60-day Episode

The unit of payment under HHA PPS will be for a 60-day episode of care. An agency will receive half of the estimated base payment for the full 60 days as soon as the fiscal intermediary receives the initial claim. This estimate is based upon the patient's condition and care needs (case-mix assignment). The agency will receive the residual half of the payment at the close of the 60-day episode unless there is an applicable adjustment to that amount. The full payment is the sum of the initial and residual percentage payments, unless there is an applicable adjustment. This split percentage payment approach provides reasonable and balanced cash flow for HHAs. Another 60-day episode can be initiated for longer-stay patients.

2) Case-mix adjustment -- Adjusting payment for a beneficiary's condition and needs

After a physician prescribes a home health plan of care, the HHA assesses the patient's condition and likely skilled nursing care, therapy, medical social services and home health aide service needs, at the beginning of the episode of care. The assessment must be done for each subsequent episode of care a patient receives. A nurse or therapist from the HHA uses the Outcome and Assessment Information Set (OASIS) instrument to assess the patient's condition. (All HHAs have been using OASIS since July 19, 1999.) OASIS items describing the patient's condition, as well as the expected therapy needs (physical, speech-language pathology, or occupational) are used to determine the casemix adjustment to the standard payment rate. This adjustment is the case-mix adjustment. Eighty case-mix groups, or Home Health Resource Groups (HHRG), are available for patient classification. The Home Health Resource

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Grouping system in the proposed rule uses data from a large-scale case-mix research project conducted between 1997 and 1999.

3) Outlier payments - Paying more for the care of the costliest beneficiaries

Additional payments will be made to the 60-day case-mix adjusted episode payments for beneficiaries who incur unusually large costs. These outlier payments will be made for episodes whose imputed cost exceeds a threshold amount for each case-mix group. The amount of the outlier payment will be a proportion of the amount of imputed costs beyond the threshold. Outlier costs will be imputed for each episode by applying standard per-visit amounts to the number of visits by discipline (skilled nursing visits, or physical, speech-language pathology, occupational therapy, or home health aide services) reported on the claims. Total national outlier payments for home health services annually will be no more than 5 percent of estimated total payments under home health PPS.

4) Adjustments for beneficiaries who require only a few visits during the 60-day episode

The proposed home health PPS has a low-utilization payment adjustment for beneficiaries whose episodes consist of four or fewer visits. These episodes will be paid the standardized, service-specific per-visit amount multiplied by the number of visits actually provided during the episode. A savings from reduced episode payments would be redistributed to all episodes paid under the PPS.

5) Adjustments for beneficiaries who change HHAs.

The home health PPS will include a partial episode payment adjustment. A new episode clock will be triggered when a beneficiary elects to transfer to another HHA or when a beneficiary is discharged and readmitted to the same HHA during the 60-day episode. The partial episode payment (PEP) will provide a simplified approach to the episode definition that takes into account key intervening health events in a patient's care. The partial episode payment allows the 60-day episode clock to end and a new clock to begin if a beneficiary transfers to another HHA or is discharged but returns because of a decline in their condition to the same HHA within the 60-day episode. When a new 60-day episode begins, a new plan of care and a new assessment are necessary. The original 60-day episode payment is proportionally adjusted to reflect the length of time the beneficiary remained under the agency's care before the intervening event. The new episode is paid an initial episode payment of one half of the new case mix group, or HHRG, and the 60-day clock is restarted.

Budget neutrality

The BBA requires base year PPS outlays to be budget neutral relative to the payments under IPS limits less 15 percent. The Balance Budget Refinement Act of 1999 (BBRA) delayed this reduction in payment limits until one year following the implementation of the PPS. As PPS will begin on October 1, 2000, we will implement this reduction for fiscal year 2002 by reducing what would have been IPS rates, had IPS continued, by 15 percent before calculating the home health PPS rates for fiscal year 2002. Then, the total amounts payable under the PPS will be calculated in a budget neutral fashion relative to the IPS-reduced rates.

Consolidated billing

Under the PPS a HHA must bill for all home health services which includes nursing and therapy services, routine and non-routine medical supplies, home health aide and medical services, except durable medical equipment (DME). DME was excluded from the BBA established consolidated billing requirement by the BBRA. The law requires that all home health services paid on a cost basis be included in the PPS rate. Therefore, the PPS rate will include all nursing and therapy services, routine and non-routine medical supplies, and home health aide and medical social services. https://www.cms.gov/HomeHealthPPS/

In response to the home health criteria and standards you indicated that based on 22 patients in the first year estimated revenue is \$45,000, yet in the Projected Data Chart first year revenue is \$1,069,000. Please address this discrepancy.

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On a 12 month operating budget annual revenue in 1st year for 22 patients is 269,000.00 and the second year at 60 patients, 1,069,000.00.

What is included in "Other Expenses"?

Below is other expenses this includes items such as but limited to:

OTHER EXPENSES	AMOUNT OF COST								
Postage	1,115.00								
Dues and Subscriptions	280.00								
Repairs and Maintenance	1,500.00								
Advertising and Marketing	20,500.00								
Community Relations	1,500.00								
Liability Insurance	7,500.00								
License Fees and permits	6,000.00								
Mileage Expenses	34,165.00								
Contract labor	12,300.00								
Telephones /internet	11,000.00								
Utilities	12,000.00								
Workers Comp.	15,000.00								
Payroll taxes	37,000.00								
Travel Expense	18,000.00								
Health Insurance	38,500.00								
Professional Fees	12,000.00								
Total	228,360.00								

With growth in company these numbers will be expected to increase in year 3.

13. Section C. Economic Feasibility, Item 5

Your response to this item is noted. Your average gross charge should be your gross operating revenue in the Projected Data Chart divided by the number of patients or visits in the second year of operation. Your average deduction from operating revenue should be total deductions divided by patients or visits. Average net charge should be net operating revenue divided by patients or visits.

Please provide this information.

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Gross and net revenue is based on reimbursement per episode of care. See definition below.

1) Payment for the 60-day Episode

The unit of payment under HHA PPS will be for a 60-day episode of care. An agency will receive half of the estimated base payment for the full 60 days as soon as the fiscal intermediary receives the initial claim. This estimate is based upon the patient's condition and care needs (case-mix assignment). The agency will receive the residual half of the payment at the close of the 60-day episode unless there is an applicable adjustment to that amount. The full payment is the sum of the initial and residual percentage payments, unless there is an applicable adjustment. This split percentage payment approach provides reasonable and balanced cash flow for HHAs. Another 60-day episode can be initiated for longer-stay patients.

14. Section C. Economic Feasibility, Item 6B.

Based on the chart provided the average charge per patient for other home health agencies ranges from approximately \$2,800 to over \$11,000 per patient. Based on your Projected Data Chart by the second year of operation your average charge per patient would be just under \$26,000 more than double any other existing provider. Please explain.

This number of patients you are referring to is unduplicated patients and many of these patients are likely to have multiple episodes of care during that year. We have updated our estimated revenue per 60 day episode of care , year 2 is based on information obtained from the healthcare information system, (HCIS) , for the state of Tennessee . The average charge per patient is \$ 26,000.00 , this represents reimbursement for an average of approximately 3.5 of the 60 day episode of care per patient , per year.

15. Section C. Economic Feasibility, Item 9

Your response to this item is noted. The projected revenues for the project's first and second year do not match what was entered into the Projected Data Chart. Please address this discrepancy.

This is a discrepancy, the following is the information from the projected data chart. For year 2012 the amount is to be 95,390.00 and year 2013 is to be 298,640.00. This is the net operation income (loss) Less Capital Expenditures.

16. Section C, Orderly Development, Item 3

Your response to this item is noted. Please compare the salaries in the application to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources. This comparative information should be provided in terms of hourly wages or annual salary.

TYPE OF PERSONNEL	CURRENT FTE	PROJECTED WAGE / COMPARABLE
CEO	1.0	31,900 COMBINED
CFO	1.0	FIRST YEAR The salary for these are for the CEO and CFO combined , this is combined due to these individuals are part of the family that is applying for the CON and will only be receiving the 31,900 for their
CLERICAL	2.0	MINIUMUM WAGE FOR STATE OF TENNESSEE, the minimum wage for Tennessee is 7.25 per hour, and 15,080.00 per year. (7.25 x $40 = 290.00 \times 52$ weeks = 15,080.00) this will be adjusted on a year by year basis and job performance.
RN	1.0	49,800.00/YEAR COMPARABLE WILL BE ADJUSTED FOR EXPERIENCE AND JOB PERFORMANCE
LPN	1.0	31,100.00/YEAR COMPARABLE, WILL BE ADJUSTED FOR EXPERIENCE AND JOB
ННА	2.0	14.00/VISIT (19,566.00/YR PER DEPARTMENT OF LABOR (RBHH WILL BE PAYING MORE.) Our aide salary will be out of the wage pattern due to RBHH will be paying more to the aides.
ST	1.0	CONTRACTED
PT	1.0	CONTRACTED
ОТ	1.0	CONTRACTED
TOTAL	8.0 Employed And Contracted	

The above salaries are based on the Tennesse Labor and Workforce Development Agency with the exception of the home health aide and the CEO and CFO. These differencees are explained above.

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LIST OF ATTACHMENTS

Corrected CON for attachments Supplement Correction/Question #1

Attachment 1

Referral Letter Section A

Attachment 1

Project Cost Chart Section C

Attachment project cost chart -1

March 26, 2012 10:06 am

March 15, 2012

State of Tennessee Health Services and Development Agency 500 Deaderick St. Nashville, TN 37242-0001

To Whom It May Concern,

I will refer approximately 15- 25 patients annually to Rainbow Home Health, LLC. I believe that Rainbow Home Health will contribute to the growth of Cheatham County. I also believe that this home healthy is greatly needed in Cheatham. I am pleased and excited to work with this company.

Thank you,

Karen Pryor, PhD, PT 5054 Thoroughbred Ln. Brentwood, TN 37027 Ph. (615) 376-7876

kpryor@health-sphere.net

March 26, 2012 10:06 am

AFFIDAVIT

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STATE OF OKLAHOMA COUNTY OF MC Curtain

NAME OF FACILITY: Rain bow Home Hearth, LLC
I, Joy Forshell, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it
is true, accurate, and complete.
Signature/little DON
Sworn to and subscribed before me, a Notary Public, this the 2 day of Mul, 20/2,

witness my hand at office in the County of McCurfain, State of Tennessee:

My commission expires

HF-0043

Revised 7/02

NOTARY PUBLIC

COPY-

SUPPLEMENTAL-2

Rainbow Home Health, LLC

CN1203-013

RAINBOW HOME HEALTH, LLC

2012 MAR 30 AM 10: 12

CERTIFICATE OF NEED APPLICATION CN 1203-013



ESTABLISH HOME HEALTH AGENCY IN CHEATHAM COUNTY SUPPLEMENTAL CORRECTIONS # 2

MARCH 29. 2012

CONTACT PERSON:
Joy Forshee
112 Frey Street
Ashland City, Tennessee 37015
580-212-7801 or 615-812-5156

Rainbow Home Health , LLC Certificate of Need Application CN 1203-013 Supplement Corrections # 2

1. Section C, Need Item 5.

Your response to this item is noted. There is either an error in this chart or in the home health need chart . The home health need chart indicates that 899 Cheatham County residents were served in 2011. This chart indicates that 779 Cheatham county residents were served in 2011.

Below is the corrected chart with the total patients served per 2011 JAR reports . With the adjusted projected capacity and projected need , $\&\,$ need surplus .

Service Area	Agencies Licensed To Serve	Agencies Report Serving 2011 JAR reports	Total Patients Served Per 2011 JAR reports	Estimated 2011 Population	Use Rate	Projected 2016 Population	Projected Capacity	Projected Need (.015x 2016) population	Need Surplus For 2016
C H E A T H A	29	23	779	41,700	0.0186	44,357	825.04	665	160

The projected numbers were derived from the Tennessee Health Department ,http://www.state.tn.us/tacir/population.html. The use rate was determined by the following formula.

Patient number divided by the population = use rate, then proceeded to take 2016 projected population x the use rate which = to the projected capacity. The next step was to take the $.015 \times 2016$ projected population which in turn gave the need surplus for 2016.

As stated in the following statement by the Tennessee Health Department at ,http://www.state.tn.us/tacir/population.html you can see that there is a word of caution with these numbers and they are subject to change. This is only a projected number .

Additionally, the last column should add up to 100% while there does not need to be a total in the next to last column.

Please make all necessary changes and submit revised chart(s).

2. Section C, Need, Item 6

Your response to this item is unclear. Dr Anderson's letter indicates 15-25 patten referral and an all unless and indicating that Dr. Anderson will be referring 50 patients annually, Is this understanding correct?

The 50 patients is a total of year one and year two, this is an estimated number from Dr Anderson only. This indicates that in year one Dr Anderson will refer 25 patients and then again in year two Dr. Anderson will refer 25 additional patients. This is only an estimated number.

You have indicated that 22 patients will receive skilled nursing visits in Year 1 but on the previous chart you indicate that there will be 30 referrals. Please address this discrepancy.

The 30 patients is a projected number of additional referrals from other physicians as well as other medical and non medical individuals.

This chart does not indicate the patients that will be referred that do not meet criteria for admission nor meet the home health standards of care.

Referrals by Source	1 st Year	2 nd	Total	
Dr Anderson / Medical Director	25	25	50	
Physicians. Nursing Homes, PT. Referrals, Hear Say from current patients, HHA referrals, Hospital Discharge Workers. (this is a projected number.)	5	5	10	
As previously projected the number of patients by year two. This number can and will most likely fluctuate.			60 patients by year two.	

You appear to have a calculation error in Year 3 of your visit chart by discipline. Please make necessary corrections.

The following chart show the breakdown of these services.

Please see the adjusted chart, calculation error was noted in total column.

YEAR	ННА	от	PT	ST	SN	TOTAL
YEAR 1	146	168	423	22	2,808	3,568
YEAR 2	400	462	1,160	59	7,488	9,568
YEAR 3	480	554	1,392	71	8,944	11,441

2011 JAR Cheatham	pts. As a %	of total Cheatham	County Patients		1.00%	က	S	0		5		_	9	2	16			0	2	_	17	4	2	15	5	0	0	1	_	2	9		3	0	_	100.00%
2011 Cheatham JAI		S	a % of Coutotal pts.	served	0.70%	0.95	2.53	0		4.75	0.4	0.96	3.87	0.91	က			0	3.1	1.44	2.5	2.37	1.35	3.85	2.72	0	0	0.4	0.7	5.53	5.3		2.13	0	0.1	
2011 Cheatham	County	patients	served		7	27	39	0		43	_	10	48	20	122			0	20	2	136	28	16	119	38	0	0	10	8	16	46		27	0	2	622
2010 Cheatham	County	patients	served		0	29	33	0		30	4	11	35	28	114			0	9	5	120	37	20	145	10	0	0	18	9	14	38		27	0	0	730
2009 JAR	Cheatham	County	patients served		5	44	24	0		20	4	17	37	28	115			0	2	1	36	34	14	111	3		0	10	9	25	39		163	0	19	816
2011 Total	patients	served			140	2834	1538	756		905	250	1040	1239	2192	4246			73	644	138	5428	1179	1180	3088	1395	355	285	2212	1050	289	867		1265	81	1473	36,142
2010 total	patients	served			349	2881	1443	701		788	547	692	1345	2140	4017			74	386	154	4728	1155	1049	3413	1197	322	354	2150	1050	289	867		1382	14	1680	35,277
2009 total	patients	served			610	3032	1129	631		731	729	772	1629	2069	610			610	610	610	610	610	885	2867	1262	515	367	2090	873	438	335		1040	33	1765	27,462
County of	Parent	Office			Davidson	Davidson	Davidson	Davidson		Davidson	Davidson	Davidson	Davidson	Davidson	Davidson			Davidson	Davidson	Davidson	Davidson	Davidson	Davidson	Davidson	Franklin	Henry	Maury	Maury	Montgomery	Robertson	Robertson		Williamson	Williamson	Wilson	
Agency license #	and	Agency	Name		Alere	Amedisys	Amedisys	H.H Care	Middle TN	Continuous	Elk Valley	Friendship	Gentiva	LHC	H.H Care	of Middle	NL	Innovative	Intrepid	Maxim	Suncrest	Vanderbilt	Vanderbilt	Willowbrook	Caresouth	Henry	Careall	NHC	Gateway	Lifeline	NHC	Springfield	Guardian	Walgreens	Careall	Total



3. Section C, Economic Feasibility, Item 4, (Projected Data Chart)

Please clarify and coordinate your projected data years. You have indicated that year 1 you will see 22 patients, Year 2 you will see 60 patients, and Year 3 you will see 72 patients; however your first year on your Projected Data Chart is 2012 with 60 patients and 2013 with 72 patients . Please make the necessary corrections so that your projected year information matches up throughout the application.

The adjusted chart will read for the first , two completed years . This is due to the projected date of beginning to be August 2012 this will not be a full year of service. Our fiscal year begins in July . Below is the corrected Projected Data Chart with the years of 2013 and 2014 indicated. The projected 22 patients will be the months prior to the first full year of service.

4. Section C, Economic Feasibility, Item 5

Your response to this item is noted. Using the information in the Projected Data Chart please provide your average gross charge per patient (gross operating revenue divided by number of patients), your average deduction from operating revenue (total deductions divided by number of patients), average net charge (net operating revenue divided by number of patients).

Years	Average Gross Charge	Average Deduction	Average Net Charge			
Year 2 (2013)	1,069,000.00/60pts. = \$ 17,816.67	331,550.00/60= \$5,525.84	737,450.00/60= \$12,290.84			
Year 3 (2014)	1,552,000.00/72pts.= \$ 21,555.56	372,000.00/72pts.= \$ 5,166.57	1,180,000.00/72=\$16,388.8			

5. Section C, Economic Feasibility, Item 6B

Your response to this item is noted; however it is still unclear how your proposed average gross charge is almost double the highest average gross charge of any other home health provider in the region.

Our gross charge, net charge, and contractual adjustment is calculated based on an average of 3.5 60-day episodes of care per unduplicated patient per year. There fore, the following table illustrates our gross and net charges per 60-day episode of care.

Year	Average Gross Charge	Average Net Charge
2013	\$ 5,090.48	\$ 3,511.67
2014	\$6,158.73	\$ 4,682.54

Additionally it is unclear what the following statement means "this represents reimbursement for an average of approximately 3.5 of the 60 day episode of care per patient, per year." Please explain further.

The 3.5 represents an average 3 and $\frac{1}{2}$ episodes of care per patient per year.

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STATE OF OKLAHOMA
COUNTY OF M. CCMTaw
NAME OF FACILITY: Lich Health, Lic
I, Minshe , after first being duly sworn, state under oath that I am
the applicant named in this Certificate of Need application or the lawful agent thereof,
that I have reviewed all of the supplemental information submitted herewith, and that it
is true, accurate, and complete. Signature/Title
Sworn to and subscribed before me, a Notary Public, this the Agrange day of March, 20/2, witness my hand at office in the County of McLurtain, State of Oklahoma.
NOTARY PUBLIC () My commission expires
HF-0043
Revised 7/02 = #01015445 =



Kim Harvey Looney 615.850.8722 direct kim.looney@wallerlaw.com

June 5, 2012

VIA HAND DELIVERY

Ms. Melanie Hill
Executive Director
Health Services and Development Agency
500 Deaderick Street
Suite 850
Nashville, Tennessee

Re: Rainbow Home Health CN1203-013

Dear Melanie:

This is to provide official notice that SunCrest Healthcare, Inc. wishes to oppose the application of Rainbow Home Health CN1203-013 for the establishment of a home health agency in Cheatham County.

If you have any questions, please give me a call at 850-8722.

Very truly yours,

Kim Harvey Looney

cc: John W. Dant III (SunCrest Healthcare, Inc.)



June 6, 2012

2012 JUN 11 AM 9 53

Ms. Melanie Hill, Executive Director Health Services and Development Agency Andrew Jackson State Office Building 500 Deaderick Street, Suite 850 Nashville, TN 37243

RE: Rainbow Home Health, LLC, CN1203-013 OPPOSITION LETTER

Dear Ms. Hill:

We are aware of the intent of Rainbow Home Health, LLC, (RHH) to establish a new full service Home Health Care organization and to provide services to Cheatham County. Because the home health care need formula applied in the State of Tennessee does not show a need for the aforementioned application, approval of said application would not only duplicate existing services, but also adversely impact the existing home health care delivery system. Therefore, I am writing this letter in opposition to the referenced project pursuant to T.C.A., Section 68-11-1609(g)(1).

Ms. Hill, as an existing provider in the target market, I have firsthand knowledge that market area home health care needs are being met by our agency and other licensed agencies as well. The RHH proposed project is not consistent with the State's need formula and which shows excess capacity of (163) in the RHH service area, as projected to four years into the future to 2016 by the Department of Health, Division of Health Statistics. It should be noted that the surplus is actually greater now than when the applicant filed and was heard previously. Consequently, RHH is not orderly and will adversely impact other existing providers if approved. Lastly, we question the projects financial feasibility. We contend that the project fails to meet any of the three criteria and standards required for CON approval.

The addition of another agency will not only duplicate and drive up the cost for services already provided, but it will also adversely deplete the existing nursing pool of trained nursing professionals. The applicant provided form letters that support its proposed agency, even though the actual need and projected need formula do not support a new agency. This is further evidence that RHH's CON does not promote the orderly development of health care. A redistribution of patients to an agency that is not needed further dilutes the patient pool, the staffing pool and consequently does not promote the orderly development of health care.

As to the issue of need, based on the current home health care need formula, as applied by the TN Department of Health, there exists a surplus of (163) patients served in the applicant's single county service area. This is based on the Joint Annual Reports for 2011 and population projections for the year 2016.

In summary, I am opposed to this CON and ask that it not be approved. There are already more than adequate existing providers delivering high quality home health services to populations of all race and payor source. If you need any additional information please do not hesitate to call me.

Sincerely,

NHC/OP, L.P. d/b/a NHC HomeCare, Springfield & NHC HomeCare, Columbia

Lisa Reed, RN

Vice President/HomeCare

Cc: Ms. Joy Forshee, Acting Dir. of Nursing Rainbow Home Health, LLC 112 Frey Street Ashland City, TN 37015

Via: Regular Mail



511 Union Street, Suite 2700 P.O. Box 198966 Nashville, TN 37219-8966 615.244.6380 main 615.244.6804 fax wallerlaw.com

Kim Harvey Looney Waller Lansden Dortch & Davis, LLP 615.850.8722 direct kim.looney@vall@lavi.com 1 4

June 22, 2012

VIA HAND DELIVERY

Ms. Melanie Hill Executive Director Health Services and Development Agency 500 Deaderick Street Suite 850 Nashville, Tennessee 37239

Re:

Rainbow Home Health CN1203-013

Dear Melanie:

This is to provide official notice that Gentiva Health Services, Inc. wishes to oppose the application of Rainbow Home Health CN1203-013 for the establishment of a home health agency in Cheatham County.

If you have any questions, please give me a call at 850-8722.

Sincerely,

Kim Harvey Looney

Waller Lansden Dortch & Davis, LLP

KHL:lag

cc: Jerrold Perchik (Gentiva Health Services, Inc.)
Joy Forshee (Rainbow Home Health, LLC)

ORIGINAL

Additional Information Rainbow Homehealth CN1203-013

COMMERCIAL LEASE AGREEMENT (Single – Tenant Facilities)

1	F	or and in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and						
2	รเ	ifficiency of which is hereby acknowledged, Rainbow Home Health, LLC as						
3	te	nant (hereinafter referred to as "Tenant"), and Anita & Phil Lung						
4	la	indigra (hereinafter referred to as "Landlord"), do hereby enter into this Lease Agreement ("Lease" or "Agreement") on this						
5	1	day of July . Zola ("Binding Agreement Date"). Landlord leases to Tenant and Tenant leases						
6	fr	om Landlord, the Property described as follows: All that tract of land known as:						
7								
8	=	Ashland City (City), Tennessee, 37015 (Zip), as recorded in Checkham						
. 9	C	ounty Register of Deeds Office, 318 deed book(s) (239 page(s), or						
10	in	ounty Register of Deeds Office, 3/8 deed book(s) 639 page(s), or						
	111	Strument no. and further described as:						
11	-	map 055c - P- 024.00						
12 13	1	gether with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as the Property," as more particularly described in Exhibit "A," or if no Exhibit "A" is attached as is recorded with the County						
14	R	egister of Deeds Office of the county in which the Property is located and is made a part of this Lease by reference.						
45								
15	Τ.	Term. The initial term of this Lease shall be for years, months, beginning on the earlier						
16		of the completion of work described in any attached Work Letter or ("Commencement						
17		Date"), through and including 7-1-2013 . ("Expiration Date").						
18	2.							
19	2.	and the state of t						
		on a daily basis until possession is granted. If possession is not granted within fourteen (14) days from the						
20		Commencement Date, Tenant may terminate this Lease in which event Landlord shall promptly refund all payments and						
21		deposits to Tenant. The aforementioned remedies are the sole remedies recoverable from the Landlord for delays in						
22		delivery of possession to Tenant.						
24 25 26		Rent. Tenant shall pay base rent ("Base Rent") to Landlord without demand, deduction or setoff in advance payable as follows:						
27								
28								
29								
30								
31								
32		Rent shall be due, without notice or demand, on the first day of each month during the term of the Lease or any renewals						
33		of extensions thereof, at the address set forth in the Notice Section of this Lease (or at such other address as may be						
34		designated from time to time by Landlord in writing). If the Commencement Date begins on the second (2 nd) through the						
35		last day of any month, the rent shall be prorated for that portion of the month and shall be paid at the time of leasing the						
36		Property. Tenant shall also pay additional rent ("Additional Rent") as may be provided elsewhere in this Lease. Such						
37		Additional Rent shall be paid in the same analysis of the Base Burn Burn Burn Burn Burn Burn Burn Burn						
38		Additional Rent shall be paid in the same manner as the Base Rent. Base Rent and any Additional Rent shall be collectively referred to as "Rent."						
		•						
9	4.	Late Payment; Service Charge for Returned Checks. Rent not paid in full by the fifth (5th) day of the month shall be						
0		late. Landlord shall have no obligation to accept any Rent not received by the fifth (5 th) of the month. In the event a						
1		check is returned by the institution upon which it is drawn for any reason, Tenant shall pay a fee of \$ 25000. If						
2		late Dayment is made and I and ord accepte the same the newwork and I i if C C I						
3		order and must include a late charge of \$ 20 th and if and it is the form of cash, cashier's check or money						
4		order and must include a late charge of \$\frac{20}{\text{per}}\frac{day}{day} and, if applicable, a service charge for any returned check as stated above. Landlord reserves the right to refuse to accept uncertified funds from Tenant after one or more of Tenant's payments have been returned by the bank uppend. Tenant after one or more of Tenant's						
		above. Landiold reserves the right to refuse to accept uncertified funds from Tenant after one or more of Tenant's						
5		payments have been returned by the bank unpaid. Tenant waives notice and demand as to all navments of Rent due						
6		hereunder.						

	47 48 49	5.		Sec	urit	eposit. y Deposit to be Held by Landlord or Broker. [Check one. The section not marked shall not be a part of reement.]
**	50 51 52 53	2 1831	5 28	₩	La: (1)	Tenant has paid to Landlord as security for Tenant's fulfillment of the conditions of this Lease a security deposit of Eight hundred and lars & hard of Dollars (\$ 800 00000000000000000000000000000000
	54 55 56 57				(2)	Landlord shall deposit the Security Deposit in Landlord's general account with Landlord retaining the interest if the account is interest bearing. Tenant acknowledges and agrees that Landlord shall have the right to use such funds for whatever purpose Landlord sees fit, and such funds will not be segregated or set apart in any manner.
	58 59 60				(3)	Tenant recognizes and accepts the risk of depositing the Security Deposit with Landlord. Tenant acknowledges that Tenant has not relied upon the advice of any Broker in deciding to pay such Security Deposit to Landlord. Landlord and Tenant acknowledge and agree that:
	61					(a) Broker has no responsibility for, or control over, any Security Deposit deposited with Landlord;
	62					(b) Broker has no ability or obligation to insure that the Security Deposit is properly applied or deposited;
	63 64					(c) The disposition of the Security Deposit is the sole responsibility of Landlord and Tenant as herein provided; and
	65 66 67					(d) Landlord and Tenant agree to indemnify and hold harmless Broker and Broker's affiliated licensees against all claims, damages, losses, expenses or liability arising from the handling of the Security Deposit by Landlord.
	68 69 70 71 72 73 74 75 76 77 78 79			72	(4)	Landlord shall return Security Deposit to Tenant, after deducting any sum which Tenant owes Landlord hereunder, or any sum which Landlord may expend to repair arising out of or related to Tenant's occupancy hereunder, abandonment of the Property or default in this Lease (provided Landlord attempts to mitigate such actual damage), including but not limited to any repair, replacement, cleaning or painting of the Property reasonably necessary due to the negligence, carelessness, accident, or abuse of Tenant or Tenant's employees, agents, invitees, guests, or licensees. In the event Landlord elects to retain any part of the Security Deposit, Landlord shall promptly provide Tenant with a written statement setting forth the reasons for the retention of any portion of the Security Deposit, including the damages for which any portion of the Security Deposit is retained. The use and application of the Security Deposit by Landlord shall be at the discretion of the Landlord. Appropriation by Landlord of all or part of the Security Deposit shall not be an exclusive remedy for Landlord, but shall be cumulative, and in addition to all remedies of Landlord at law or under this Lease. The Tenant may not apply the Security Deposit to any Rent payment.
	80 81 82 83 84 85					Deposit. Tenant has paid to Broker as "Broker/Holder") located at (Address of Broker/Holder) as security for Tenant's fulfillment of the conditions of this Lease ("Security Deposit") Deposit") Dollars (\$
	86 87 88				(2)	Broker/Holder shall deposit the Security Deposit in Broker/Holder's escrow/trust account (with retaining the interest if the account is interest bearing) within five (5) banking days from the Binding Agreement Date.
	89 90 91 92 93 94 95 96 97 98		E.			The Broker/Holder shall disburse the Security Deposit only as follows: (a) upon the failure of the parties to enter into a binding lease; (b) upon a subsequent written agreement signed by all parties having an interest in the funds; (c) upon order of a court or arbitrator having jurisdiction over any dispute involving the Security Deposit; (d) upon a reasonable interpretation of this Agreement by Broker/Holder; (e) as provided in the General Provisions section below of this Paragraph; or (f) upon the termination of the agency relationship between Landlord and Broker/Holder, in which event Broker/Holder shall only disburse the Security Deposit to another licensed Tennessee Real Estate Broker selected by Landlord, unless otherwise agreed to in writing by Landlord and Tenant, after notice by Landlord to Broker/Holder and Tenant. Prior to disbursing the Security Deposit pursuant to a reasonable interpretation of this Agreement, Broker/Holder shall give all parties seven (7) days notice stating to whom and in what amounts the disbursement will be made. Any party may object in writing to the disbursement, provided the objection is received by the

Broker/Holder prior to the end of the seven (7) day notice period. All objections not raised in a timely manner shall be waived. In the event a timely objection is made, Broker/Holder shall consider the objection and shall do any or a combination of the following: (a) hold the Security Deposit for a reasonable period of time to give the parties an opportunity to resolve the dispute; (b) disburse the Security Deposit and so notify all parties; and/or (c) interplead the Security Deposit into a court of competent jurisdiction. Broker/Holder shall be reimbursed from and may deduct for any funds interpleaded its costs and expenses, including reasonable attorney's fees. The prevailing party in the interpleader action shall be entitled to collect from the other party the costs and expenses reimbursed to Broker/Holder. No party shall seek damages from Broker/Holder (nor shall Broker/Holder be liable for the same) for any matter arising out of or related to the performance of Broker's/Holder's duties under this Security Deposit paragraph.

B. General Provisions Regarding Security Deposit.

- (1) In the event any Security Deposit check is not honored, for any reason, by the bank upon which it is drawn, the holder or Broker/Holder thereof shall promptly notify the other parties and Broker(s) to this Lease. Tenant shall have three (3) business days after notice to deliver good funds to the holder or Broker/Holder. In the event Tenant does not timely deliver good funds to the holder or Broker/Holder, the Landlord shall have the right to terminate this Agreement upon written notice to the Tenant.
- (2) The entire Security Deposit, if held by Landlord, will be returned to Tenant within thirty (30) days after the Property is vacated if:
 - (a) The term of the Lease has expired or the Lease has been terminated in writing by the mutual consent of both parties;
 - (b) All monies due under this Lease by Tenant have been paid;
 - (c) The Property is not damaged and is left in its original condition, normal wear and tear excepted;
 - (d) All keys have been returned; and
 - (e) Tenant is not in default under any of the terms of this Lease.
- 6. Repairs and Maintenance. Tenant acknowledges that Tenant has inspected the Property and that it is fit for its stated use as described herein. Tenant agrees that no representations regarding the Property or the condition thereof and no promises to alter, decorate, improve, or repair have been made by Landlord, Broker, or their agents unless specified in this Lease.

The following shall be kept in good working order and repair, normal wear and tear excepted, by either the Landlord or Tenant as follows [Check all that apply. The sections not marked shall not be part of this Agreement]:

	TENANT I	ANDLORD		TENANT	LANDLORD
Heating system		6	Elevators	ں □	19 0
Plumbing system			Air conditioning system	0	
Parking area	0		Electrical system/fixtures		DE
Driveway		卤	Exterior walkways		
Building exteriors			Interior hallways		
Smoke detector			Lobby	V	
Terrace/patio			Loading area	□ N,	A 0
Restrooms			Trash facilities	z	
Stairs	D NIA		Landscaping		
Exterior windows		DE .	Roof		
Security alarm	✓	0	Other Mowing		0

Any item not mentioned herein but existing on the Property (other than furniture, fixtures and equipment of Tenant) shall be maintained by \Box Landlord \Box Tenant [Check one. The section not marked shall not be a part of this Agreement.]

Upon receipt of written notice from Tenant, Landlord shall, within a reasonable time period thereafter, repair all defects in those facilities and systems that are the responsibility of Landlord to maintain in good working order and repair. If Tenant does not promptly perform its maintenance and repair obligations as set forth herein, Landlord may make such repairs and/or replacements and supply Tenant with an invoice for said repairs and/or replacements. Tenant shall promptly pay the costs of the same within _____ days of receipt of invoice. Tenant waives any further notice of amount

150 151 152 153 154		any of to skylight willful	the above referent, vent, window, misconduct of La	ced systems or or the like in oundlord. Tenan	facilities or by was or about the Prope at shall be responsi	adlord shall not be liable to ater coming through or ar- rty, except if such damagable for the reasonable cost ant's employees, agents, in	ound the roof or ge is due to the g sts of repairs mad	any door, flashing, gross negligence or de necessary by the
155	7.					the following services [Ch	eck all that appl	y. The sections not
156			by Landlord shall		_			
157		0				ior of the Property		
158						<u> </u>		
159	1		_					
160	1)	/ -						
161	,		Trash collection					
162		20 D				s times per week.		
163 164						naintenance of all light fi	xtures located in	the interior of the
165			Other				já	
166 167 168 169 170 171		shall be Lease. condition provide Landlor	responsible for the Tenant agrees to on, and repair, not such services and	the costs and provide service ormal wear and supply Tenan ch services with	ovision of any ser s not provided by l l tear excepted. I t with an invoice fo hin days of r	dequate performance of survices that Landlord has no Landlord that are necessary for Tenant does not provide or said repairs and/or replacement of invoice. Tenant	ot expressly agree y to keep the Prope such services, I deements. Tenant	ed to pay for in this perty in good order, Landlord may then t shall promptly pay
173 174	8.	Utilitie	s. The services a	nd/or utilities se	et forth below serv	ing the Property shall be p shall not be part of this Ag		Landlord or Tenant
175		UTILIT	<u>Y</u>	TENANT	LANDLORD	UTILITY	TENANT	LANDLORD
176		Water		Ð		Sewer	₹	
177		Electric	itv	6		Natural Gas		D
178		Garbage	•	<u> </u>		Cable Television	2	
179		Telepho	one	10 /		Internet Service		D
180		_		•				
181 182 183 184 185		Tenant: Tenant: at Land be liable	shall be responsil must provide pro- lord's option, pay e for any interrup	of of payment of utilities and botions or delays	of final bills for all e reimbursed by T	at Landlord has not expre utilities or services termi- enant on the first of the fo of utility services unless s ct.	essly agreed to pa nation (cutoff) sli collowing month.	ny for in this Lease. ips. Landlord may, Landlord shall not
186 187 188 189 190	9.	period s	days written n shall result. Any trued as a tenanc	otice prior to the Holding Over to y from month to	ne end of the Term by the Tenant of the to month only with	e this Lease at the end of. If neither party gives not be Property after the expire Base Rent in an amount will remain in force, subject the subject to the	otice of termination of this Least equal to 100 %	on, a Holding Over se shall operate and % of the Base Rent
191 192 193 194 195	10.	written no estat	consent of Landlo e shall pass out o he assignee there	ord. This Lease of Landlord and	shall create the real this Lease shall c	erty in whole or in part or elationship of Landlord an reate a usufruct only. In pay Brokers all commiss	d Tenant between the event Landlo	n the parties hereto; ord shall assign this
196	11.	Right o	f Access, Signag	e. Landlord a	nd Landlord's age	nts shall have the right to	access the Prope	erty for inspection,

repairs and maintenance during reasonable hours. In the case of emergency, Landlord may enter the Property at any time

to protect life and prevent damage to the Property. Landlord and/or Landlord's agents may place a "for rent" or "for

sale" sign on the interior and exterior of the Property, and may show Property to prospective tenants or purchasers during

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reasonable hours. Tenant agrees to cooperate with Landlord, Landlord's agent and Brokers who may show the Property to prospective tenants and/or purchasers. Tenant shall secure valuables and agrees to hold Landlord and/or Landlord's agent and Brokers harmless for any loss thereof. For each occasion where the access rights described above are denied,

Tenant shall pay Landlord the sum of \$ 1000 as liquidated damages; it being acknowledged that Landlord shall be damaged by the denial of access, that Landlord's actual damages are hard to estimate, and that the above amount represents a reasonable pre-estimate of Landlord's damages rather than a penalty.

Without Landlord's prior written permission, Tenant shall not place any sign, advertising matter, or any other things of any kind on any part of the outside walls or roof of the Property or on any part of the interior of the Property that is visible from the exterior of the Property. Tenant shall maintain all such permitted signs, advertising matter, or any other thing of any kind in good condition and repair. Tenant agrees to remove at its cost all such permitted signs, advertising matter, or any other things of any kind at the end of this Lease. Landlord shall have the right to remove prohibited signs, advertising matter or any other things of any kind at the expense of the Tenant.

12. Use. The Property shall only be used for the purposes set out as follows:

Home Health 4/or other Commercial use approved by landlord.

The Property shall be used so as to comply with all federal, state, county, and municipal laws and ordinances and any applicable rules and regulations. Tenant shall not use or permit the Property to be used for any disorderly or unlawful purpose; nor shall Tenant engage in any activity on the Property which would endanger the health and safety of others or which otherwise creates a nuisance.

13. Property Loss. Storage of personal property by Tenant shall be at Tenant's risk and Landlord shall not be responsible for any loss or damage. Tenant shall be responsible to insure Tenant's personal property against loss or damage. Landlord shall not be responsible for any damage to Tenant's property, unless such damage is caused by Landlord's gross negligence or willful misconduct.

14. Default.

- A. Failure to pay Rent or Failure to Reimburse Landlord for damages or costs. If Tenant fails to pay Rent or fails to reimburse Landlord for any damages, repairs or costs when due, Tenant shall be deemed to be in default and Landlord shall have the right to terminate this Lease by giving fifteen (15) day written notice to Tenant and to accelerate all remaining payments that Tenant is required to pay under this Lease. These payments shall be due and payable fifteen (15) days after Tenant receives the aforementioned notice. Landlord and Tenant acknowledge that Landlord shall be damaged by Tenant's default, that Landlord's actual damages are hard to estimate, and that the above amount represents a reasonable pre-estimate of Landlord's damages rather than a penalty. If Landlord accelerates as provided in this subparagraph, it shall seek another tenant for the Property and credit any amounts received to the Tenant, less the following:
 - (1) reimbursement for all expenses incurred as a result of Tenant's failure to perform its obligations under the Lease;
 - (2) the costs of securing another tenant, including, but not limited to, advertising and brokerage commissions; and
 - (3) the costs of altering, dividing, painting, repairing, and replacing the Property to accommodate a new tenant.

Landlord's rights expressed herein are cumulative of any and all other rights expressed in this Lease. Tenant shall remain liable for Rent from and after any action by Landlord under a proceeding against Tenant for Holding Over or detainer warrant, whether or not Tenant retains the right to possession of the Property.

- B. Cure Period. If Tenant defaults under any term, rule, condition or provision of this Lease, excluding failure to pay Rent or failure to reimburse Landlord for any damages, repairs or costs when due, Landlord shall provide Tenant with written notice of the breach. Tenant shall have business days ("Cure Period") within which Tenant may cure said breach. In the event that Tenant has not cured the breach within the Cure Period, Landlord may, at his option, terminate this Lease by delivering written notice thereof to Tenant and pursue any remedies available herein or available to Landlord at law. In the event that Tenant cures the breach during the aforementioned Cure Period, a second violation of this Agreement within months shall be grounds for the Landlord to terminate this Lease by providing written notice without an additional Cure Period.
- C. All rights and remedies available to Landlord by law or in this Lease shall be cumulative and concurrent.
- D. In the event that either Tenant or Landlord hereto shall file suit for breach or enforcement of this Agreement, the prevailing party shall be entitled to recover all costs of such enforcement, including reasonable attorney's fees in addition to any other remedies available herein or permitted by law.

252	15	Rui	les and Regulations.
253 -254 -255		A.	Tenant is prohibited from adding, changing or in any way altering locks installed on the doors of Property withou prior written permission of Landlord. If all keys to the Property are not returned when Tenant vacates the Property Landlord may charge a re-key charge in the amount of \$\sum_{\infty} \frac{50}{20}.
256 257 258	ai a	В.	Non-operative vehicles are not permitted on the Property. Any such non-operative vehicle may be removed by Landlord at the expense of Tenant, for storage or for public or private sale as permitted by applicable law, and Tenant shall have no right or recourse against Landlord thereafter.
259 260 261		C.	No goods or materials of any kind or description which are combustible or would increase fire risk shall be kept in or placed on the Property (except for goods and materials typically found in a general office use provided that the same are limited in quantity to that normally found in such use).
262 263		D.	No nails, screws or adhesive hangers except standard picture hooks, shade brackets and curtain rod brackets may be placed in walls, woodwork or any part of the Property.
264 265 266		E.	Tenant shall not place any objects or personal property on the Property in a manner that is inconsistent with the load limits of the Property. Tenant shall consult Landlord before placing any heavy furniture, file cabinets, or othe equipment in the Property.
267 268 269 270 271 272		A/C	If Landlord provides electricity and/or natural gas hereunder, Landlord shall provide heating and air conditioning to the Property between a.m. and p.m., Monday through Friday (excluding Holidays); between a.m. and p.m., Saturday; and between a.m. and p.m. Sunday a applicable. Tenant shall notify Landlord by 4:00 p.m. of the preceding business day of any requests for overtime heating and air conditioning. Landlord may charge Tenant its reasonable costs of providing such overtime heating and air conditioning.
273 274 275		G.	Tenant shall not, without Landlord's prior consent, use any equipment which uses electric current in excess of 110 volts, which will increase the amount of electricity ordinarily furnished for use of the Property as herein designated or which require clean circuits or other distribution circuits.
276 277 278 279		Н.	Landlord may establish additional reasonable Rules and Regulations concerning the maintenance, use, and operation of the Property. A copy of any current additional Rules and Regulations are attached in Exhibit and are a par of this Lease. Amendments and additions to the Rules and Regulations shall be effective upon delivery of a copy thereof to Tenant.
280 281 282 283	16.		Abandonment or Vacating the Property. Abandonment. If Tenant removes or attempts to remove personal property from the Property other than in the usual course of continuing occupancy, without having first paid Landlord all monies due, the Property may be considered abandoned. In the event of abandonment, Landlord shall have the right to terminate the Lease.
284 285 286		B.	Vacating Premises. If Tenant removes personal property from the Property and/or ceases to do business at the Property before the termination of this Lease and any extensions thereof, Tenant shall be in default of this Lease Landlord shall then have the right to exercise any of his remedies as contained herein or as available at law.
287 288 289 290 291 292 293 294	17.	Lar and nati suc adv tran	roppel Certificate. Tenant shall, from time to time, upon Landlord's request execute, acknowledge, and deliver to addord, within ten (10) days of such request, a certificate certifying: (a) that this Lease is unmodified and in full force a feffect (or if there has been modification thereof, that the same is in full force and effect as modified and stating the ure thereof); (b) that to the best of its knowledge there are no uncured defects on the part of the Landlord (or if any h defaults exist, a specific description thereof); (c) the date to which any Rents or other charges have been paid in ance; and (d) any other reasonable matters requested by Landlord. Landlord and any prospective purchaser of useferee of Landlord's interest hereunder or any then existing or prospective mortgagee or grantee of any deed to ture debt may rely on such certificates.
295 296 297 298 299 300 301 302	18.	imp with of a pro- imp and	eration and Improvements. Tenant shall not make or allow to be made any alterations, physical additions, or provements in or to the Property without first obtaining Landlord's prior written consent. Landlord may grant of shold such consent within its reasonable discretion and may impose reasonable discretion upon its consent. All costs any such alteration, addition, or improvement shall be borne by Tenant, unless otherwise agreed in writing. The visions of the Work Letter, attached hereto as Exhibit Diff and a part of this Lease, shall govern any alterations of the performed prior to the Commencement Date of this Lease. Upon the Expiration Date of this Lease any renewal terms or Hold Over periods, Tenant agrees to return the Property, at Landlord's sole discretion, in its ginal condition, normal wear and tear excepted.

A. If earthquake, fire, storm, or other casualty shall totally destroy (or so substantially damage as to be untenantable) the Property, Rent shall abate from the date of such destruction. Landlord, at his sole discretion, shall have the right



19. Destruction of Property.

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306 307	to	determine whether restoration of the Property will be undertaken. Landlord shall have sixty (60) days OR days from date of destruction to provide notice to Tenant as to whether restoration shall be undertaken.
308 309 310 311	no da	restoration shall not be undertaken, Landlord shall give Tenant thirty (30) days ORdays written of the of Termination whereupon Rent and all other obligations herein shall be adjusted between the parties as of the stee of such destruction. If restoration shall be commenced, the restoration of the Property to a tenantable condition hall be completed within one hundred eighty (180) days from the date of destruction.
312 313		the event the Landlord elects to complete such restoration, but fails to do so within one hundred eighty (180) days llowing such destruction, this Lease shall be terminated unless otherwise agreed to by the parties in writing.
314 315 316 317 318 319	di ob af be	the event that Landlord determines that restoration cannot be completed as above, Landlord may, at his sole scretion, elect to relocate Tenant to comparable space belonging to Landlord at Landlord's expense. If Tenant bjects to such relocation, Tenant may terminate this Lease with written notice to Landlord within ten (10) days ter receipt of such notice from Landlord whereupon Rent and all other obligations hereunder shall be adjusted atween the parties as of the date of such destruction. If such notice is not given, then this Lease shall remain in tree.
320 321 322 323	ea da	the Property is damaged but not rendered wholly untenantable and/or unusable for its intended purpose by urthquake, fire, flood, storm, or other casualty, Rent shall abate in such proportion as the Property has been imaged as determined by casualty insurance carrier (or in the absence of casualty insurance carrier, by Landlord), at Landlord shall restore the Property as reasonably quickly as practicable whereupon all Rent shall commence.
324 325 326	wi	ent shall not abate nor shall Tenant be entitled to terminate this Lease if the damage or destruction of the Property hether total or partial, is the result of the negligence of Tenant, its contractors, employees, agents, invitees, guests, licensees.
327 328 329 330 331 332 333 334 335 336 337 338 339 340	will can hereing insurar addition having election insurar Proper of rene premius respect agrees	ance. Tenant agrees that during the Term of the Lease and any extensions of Hold Over periods thereof, Tenant arry and maintain, at its sole cost, the following types of insurance, in the amounts specified and in the form after provided. All insurance policies procured and maintained herein (other than workers' compensation nee) shall name Landlord, Landlord's property manager(s), Landlord's Broker(s) and Landlord's lender as small insured, shall be carried with insurance companies licensed to do business in the State of Tennessee and a current financial strength rating in Best's Rating of not less than B+. Such insurance policies or, at Landlord's n, duly executed certificates of such policies, accompanied by proof of the payment of the premium for such nee, shall be delivered to Landlord before the earlier of (a) the initial entry by contractor/subcontractor upon the try for the installation of its equipment or improvements, or (b) the Commencement Date of the Lease. Certificates exall of such insurance or copies of any replacement insurance policies, accompanied by proof of payment of the tens for such insurance, shall be delivered to Landlord at least ten (10) days before the expiration of each tive policy term. Tenant shall include a provision in any and all insurance policies wherein the insurance provider to provide notice to all entities designated as additional insureds in the event of nonpayment of premiums or lation of policy.
341 342 343 344 345 346 347	Preven anythir policie claims, Tenant	shall comply with all rules and regulations applicable to the Property issued by the Tennessee Board of Fire tion or by any body hereinafter constituted exercising similar functions. Tenant shall not intentionally do ng, or permit anything to be done, on or about the Property that might adversely affect, contravene, or impair any s of insurance that are in force for the Property or any part thereof. Tenant shall pay all costs, damages, expenses, fines or penalties incurred by Landlord or Tenant because of Tenant's failure to comply with this Paragraph, indemnifies Landlord from all liability with reference thereto. [Check all that apply. The sections not marked to the part of this Agreement]:
348 349 350 351 352 353 354	o√ A.	General Commercial Liability Insurance (or reasonable equivalent thereto). Such insurance shall cover Property and Tenant's use thereof against claims for personal injury, bodily injury or death, property damage and products liability occurring upon, in, or about the Property. The limits of such policy shall be in such amounts as Landlord may from time to time reasonably require, but in any event not less than Dollars (\$
355 356 357 358	o√ B.	

updated from time to time during the Term of the Lease or any extensions thereof or Hold Over periods. Tenant

360 361		shall promptly provide Landlord written notice in the event of any damages to persons or property occurring on the Property from fire, accident, or any other casualty.
- 362 363		Worker's Compensation Insurance (or reasonable equivalent thereto). Such insurance shall include coverage as required by applicable law.
364 365 366 367 368 369 370 371 372 373	D.	Contractors Insurance (or reasonable equivalent thereto). If Tenant engages any contractor or subcontractor to construct improvements or perform any other work on the Property, Tenant shall require the such contractor or subcontractor have in force commercial general liability insurance, including personal injury coverage, contractual liability coverage, completed operations coverage, property damage endorsement, and, for any work which is subcontracted, contractors' protective liability coverage, insuring against any and all liability for injury to or death of a person or persons and for damage to property occasioned by or arising out of such work. The limits of such policy for both damage to property and bodily injury to be in such amounts at Landlord may from time to time reasonably require, but in any event not less that Dollars (\$
374		insurance as required by applicable law.
375 376	□ E.	Plate Glass Insurance (or reasonable equivalent thereto). Such insurance shall cover all plate glass and any glass signage located on the Property.
377 378 379	fixtures	Tenant shall pay any and all taxes (including assessments and license fees) assessed or imposed upon Tenant's, furniture, appliances, and personal property located in the Property. [Check all that apply. The sections no shall not be part of this Agreement]:
380 381	ν A.	Landlord Pays All Property Taxes. Landlord shall pay all Property Taxes levied against the Property. Tenan shall not pay any Property Taxes levied against the Property.
382	□ B .	Tenant Shall Pay Property Taxes.
383 384 385 386 387 388 390 391 392 393 394 395 396 397 398 399 400	о С .	Tenant Pays Increases in Property Taxes. In addition to other rent payments specified in this Lease, Tenant shall pay as Additional Rent the amount by which all Property Taxes on the Property for each tax year exceed taxes on the Property for the tax year On or before the first (1st) day of the Term of this Lease Landlord will provide Tenant written notice of Landlord's estimate of the Additional Rent payable under this subparagraph. During December of each calendar year or as soon as practicable, Landlord will give Tenant written notice of its estimate of payments to be made for the ensuing calendar year. On the first (1st) day of each month during the Term of the Lease, Tenant will pay one-twelfth (1/12) of the estimated amount in the manner provided in the Rent Paragraph. If notice is not given in December, Tenant will continue to pay on the basis of the prior year's estimate until the month after the notice given. Within ninety (90) days after the close of each calendar year or as soon as practicable thereafter, Landlord will deliver to Tenant (1) a statement of Property Taxes for the calendar year certified by certified public accountants designated by Landlord and (2) a statement of the payments made or to be made for the calendar year that has been prepared on the basis of the certified statement. If on the basis of those statements, Tenant owes an amount that is less than the estimated payments for the calendar year previously made by the Tenant, Landlord will pay Tenant the amount of the overpayment within thirty (30) days after delivery of those statements. If on the basis of those statements are commenced to the calendar year previously made by Tenant, Tenant will pay the deficiency to Landlord within thirty (30) days after delivery of those statements. If the Lease commences on a day other than the first (1st) day of the calendar year or ends on a day other than the
401		last day of a calendar year, the amounts payable under this subparagraph shall be prorated.
402 403 404 405 406 407 408 409	the pow for the p paid for entire co the right incurred alteration	er of eminent domain, and if the remaining portion of the Property is thereby rendered untenantable or unusable burposes herein stated, this Lease shall terminate when the condemning authority takes possession, and any Rent any period beyond possession by the condemning authority shall be repaid to Tenant. Landlord shall receive the ordemnation award without deduction therefrom for any interest of Tenant in the Property, but Tenant shall have to make a separate claim with the condemning authority for, and to receive therefrom, (a) any moving expenses by Tenant as a result of such condemnation; (b) any costs incurred or paid by Tenant in connection with any n or improvement made by Tenant to the Property; (c) the value of Tenant's personal property taken; (d) the same of hysiness income; and (a) any other separate claim which Tenant may be permitted to make under
410 411 412		s loss of business income; and (e) any other separate claim which Tenant may be permitted to make under le law, provided that such other separate claims shall not reduce or adversely affect the amount of Landlord's

23. Disclaimer. Tenant and Landlord acknowledge that they have not relied upon any advice, representations or statements of Brokers (including their firms and affiliated licensees) involving same. Tenant and Landlord agree that Brokers, their firms and affiliated licensees shall not be responsible for any matter which could have been revealed through a survey, title search or inspection of the Property; for the condition of the Property, any portion thereof, or any item therein; for the necessity or cost of any repairs to the Property; for hazardous or toxic materials; for the tax or legal consequences of this transaction; for the appraised or future value of the Property; and any condition(s) existing off the Property which may affect the Property; for the terms, conditions and availability of financing; and for the uses and zoning of the Property whether permitted or proposed. Tenant and Landlord acknowledge that Brokers, their firms, and affiliated licensees are not experts with respect to the above matters and that, if any of these matters or any other matters are of concern to them, they shall seek independent expert advice relative thereto. Tenant further acknowledges that in every neighborhood there are conditions which different tenants may find objectionable. Tenant shall therefore be responsible to become fully acquainted with neighborhood and other off-site conditions which could affect the Property.

24. Agency and Brokerage.

A. Agency.

- (1) In this Agreement, the term "Broker" shall mean a licensed Tennessee real estate broker or brokerage firm and, where the context would indicate, the broker's affiliated licensees. No Broker in this transaction shall owe any duty to Tenant or Landlord greater that what is set forth in their broker engagements, the Tennessee Real Estate Broker License Act of 1973, as amended, and the Tennessee Real Estate Commission Rules;
- (2) Landlord and Tenant acknowledge that if they are not represented by a Broker they are each solely responsible for their own interests, and that Broker's role is limited to performing ministerial acts for that unrepresented party;
- (3) The Broker, if any, working with the Landlord is identified on the signature page as the "Listing Broker"; and said Broker is \(\pi \), OR, is not \(\pi \) representing the Landlord;
- (4) The Broker, if any, working with the Tenant is identified on the signature page as the "Leasing Broker", and said Broker is \square , OR, is not \square , representing the Tenant; and
- (5) If Tenant and Landlord are both being represented by the same Broker, a relationship of either designated agency □, OR, facilitator □, OR, dual agency □ shall exist.
 - (a) Designated Agency Assignment. [Applicable only if designated agency had been selected above]

 The Broker has assigned affiliate licensee _______ to work exclusively with Tenant as Tenant's Designated Agent and affiliate licensee ______ to work exclusively with Landlord as Landlord's Designated Agent. Each Designated Agent shall exclusively represent the party to whom each has been assigned as a client and shall not represent in this transaction the client assigned to the other Designated Agent.
 - (b) Facilitator. [Applicable only if facilitator has been selected above] The licensee is not working as an agent for either party in this consumer's prospective transaction. A Facilitator may advise either or both of the parties to a transaction but cannot be considered a representative or advocate of either party. "Transaction Broker" may be used synonymously with, or in lieu of, "Facilitator" as used in any disclosures, forms or agreements [By law, any licensee or company who has not entered into a written agency agreement with either party in the transaction is considered a Facilitator or Transaction Broker until such time as an agency agreement is established.].
 - (c) Dual Agency Disclosure. [Applicable only if dual agency has been selected above.] Landlord and Tenant are aware that Broker is acting as a dual agent in this transaction and consent to the same. Landlord and Tenant have been advised that:
 - 1. In serving as a dual agent the Broker is representing two clients whose interests are, or at times could be, different or even adverse;
 - 2. The Broker will disclose all adverse, material facts relevant to the transaction, and actually known to the dual agent, to all parties in the transaction except for information made confidential by request or instructions from another client which is not otherwise required to be disclosed by law;
 - 3. The Landlord and Tenant do not have to consent to dual agency; and
 - 4. The consent of the Landlord and Tenant to dual agency has been given voluntarily and the parties have read and understand their brokerage engagement agreements.
 - 5. Notwithstanding any provision to the contrary contained herein, Landlord and Tenant each hereby direct Broker, if acting as a dual agent, to keep confidential and not reveal to the other party any

	information which could materially and adversely affect their negotiating position, unless required to
407	information which could materiary and object
467	disclose by law.
468	Disclosure [Required with dual Agency.] The Broker and or
469	disclose by law. (d) Material Relationship Disclosure. [Required with dual Agency.] The Broker and/or affiliated licensees have no material relationship with either client except as follows: A material relationship means one of a personal, familial or business nature between the Broker and A material relationship means one of a personal, familial or business nature between the Broker and A material relationship means one of a personal, familial or business nature between the Broker and
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474	B. Brokerage. Brokers listed below have performed a valuable service in this transaction and are made third party B. Brokerage. Brokers listed below have performed a valuable service in this transaction and are made third party and of the purpose of enforcing their commission rights. Payment of commission to a service in this transaction and are made third party
	B. Brokerage. Brokers listed below have performed a valuable service in this transaction and are incommission to a beneficiaries hereunder only for the purposes of enforcing their commission rights. Payment of commission to a beneficiaries hereunder only for the purposes of enforcing their commission rights. Payment of Landlord's Broker.
475	B. Brokerage. Brokers listed below have performing their commission rights. Payment of communications beneficiaries hereunder only for the purposes of enforcing their commission rights. Payment of communications beneficiaries hereunder only for the purposes of enforcing their commission rights. Payment of communications and provided the property ("Listing Broker") a Broker shall not create an agency relationship between Leasing Broker and either Landlord or Landlord's Broker") a Broker shall not create an agency relationship between Leasing Landlord to lease the Property ("Listing Broker") a
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477	Broker shall not create an appear listed below and representing Landlord to lease the Property
478	Landlord agrees to pay the Broker listed out the sections not marked shall not be part of this Agreement.
479	commission of: [Check all that apply
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- c. "Landlord" and "Tenant" shall include singular and plural, and corporations, partnerships, companies or individuals, as may fit the particular circumstances.
- d. "Property Taxes" means any form of real or personal property taxes, assessments, special assessments, fees, charges, levies, penalties, service payments in lieu of taxes, excises, assessments, and charges for transit, housing, or any other purposes, impositions or taxes of every kind and nature whatsoever, assessed or levied by any authority having the power to tax against the Property or any legal or equitable interest of Landlord in the Property, whether imposed now or in the future, excepting only taxes measured by the net income of Landlord from all sources.
- e. Business days shall mean Monday through Friday, excluding Holidays.
- f. Bank days shall mean Monday through Saturday at noon, excluding Holidays.
- D. Entire Agreement. This Lease and any attached addenda constitute the entire agreement between the parties and no oral statement or amendment not reduced to writing and signed by both parties shall be binding. Notwithstanding the above, the Landlord may provide amendments and/or additions to the Rules and Regulations which shall be effective upon delivery of a copy thereof to Tenant and do not require the signature of the Tenant.
- E. Attorney's Fees and Costs of Collection. Whenever any sums due hereunder are collected by law, or by attorney at law to prosecute such an action, then both parties agree that the prevailing party will be entitled to reasonable attorney's fees, plus all costs of collection.
- F. Indemnification. Tenant releases Landlord, Broker, Broker's firm and Broker's affiliated licensees from liability for and agrees to indemnify Landlord, Broker, Broker's firm and Broker's affiliated licensees against all losses incurred by Landlord, Broker, Broker's firm and/or Broker's licensees as a result of: (a) Tenant's failure to fulfill any condition of this Lease; (b) any damage or injury happening in or about the Property to Tenant or Tenant's invitees, employees or licensees or such persons' property, except where such damage or injury is due to gross negligence or willful misconduct of Landlord, Broker, Broker's firm or Broker's affiliated licensees; (c) Tenant's failure to comply with any requirements imposed by any governmental authority; and (d) any judgment lien or other encumbrance filed against the Property as a result of Tenant's actions.
- G. No Partnership. Tenant by execution of this Lease is not a partner of Landlord in the conduct of its business or otherwise, or joint venturer, or a member of any joint enterprise with Landlord.
- H. No Recordation. Tenant shall not record this Lease nor any short form memorandum thereof without Landlord's prior written consent.
- I. Notices. Except as otherwise provided herein, all notices and demands required or permitted hereunder shall be in writing and delivered (1) in person, (2) by prepaid overnight delivery service, (3) by facsimile transmission (FAX), (4) by the United States Postal Service, postage prepaid, registered or certified return receipt requested or (5) Email. Notice shall be deemed to have been given as of the date and time it is actually received. Receipt of notice by the Broker representing a party as a client or a customer shall be deemed to be notice to that party for all purposes herein.

Landlord's address:

Phil Lung 4 Anita Lung

169 Winfrey Ct.

Plusant View, TN 37146

Fax # 615-792-1997

Email NIA

Landlord's address:

Vicki Bates

Phil Lung 4 Anita Lung

Vicki Bates

Phil Lung 4 Anita Lung

Phil Lung 5 Anita Lung

Phil Lung 4 Anita Lung

Phil Lung 5 Anita Lung

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Phil Lung

- J. Governing Law and Venue. This Agreement may be signed in multiple counterparts and shall be governed by and interpreted pursuant to the laws and in the courts of the state of Tennessee.
- K. Severability. If any portion or provision of this Agreement is held or adjudicated to be invalid or unenforceable for any reason, each such portion or provision shall be severed from the remaining portions or provisions of this Agreement, and the remaining portions or provisions shall be unaffected and remain in full force and effect.
- L. Terminology. As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa; (2) all pronouns shall mean and include the person, entity, firm or corporation to which they relate; (3) the masculine shall mean the feminine and vice versa, and (4) the term day(s) used throughout this Agreement shall be deemed to be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time shall be determined by the location of Property. In the event a performance deadline occurs on a Saturday, Sunday or

568 569		legal holiday, the performance deadline shall extend to the next following business day. Holidays as used herein are those days deemed federal holidays pursuant to 5 U.S.C. § 6103.
570 571		M. Equal Opportunity. This Property is being leased without regard to race, color, sex, religion, handicap, familial status, or national origin.
572 573 574 575 576 577	26.	Sale of the Property to Tenant. Landlord shall pay Leasing Broker a commission in the amount of
578 579 580 581 582 583 584 585 586 587	27.	Exhibits. All exhibits attached hereto, listed below or referenced herein are made a part of this Lease. If any such exhibit conflicts with any preceding paragraph, said exhibit shall control.
588 589 590 591 592 593 594 595 596 600 601 602 603 604 605 606 607 608 610 611 612 613 614 615 616 617 618 619 620	28.	Special Stipulations. The following Special Stipulations, if conflicting with any preceding paragraph, shall control:
621 622		□ (Mark box if additional pages are attached.)

LEGAL DOCUMENTS: This is an important legal document creating valuable rights and obligations. If you have questions about it, you should review it with your attorney. Neither the Broker nor any Agent or Facilitator is authorized or qualified to give you any advice about the advisability or legal effect of its provisions.

IN WITNESS WHEREOF, the parties hereto have set their hand and seal. 626 The party(ies) below have signed and acknowledge receipt of a copy. 627 628 TENANT 629 7-1-12 o'clock wam/ pm 630 at 10'.00 o'clock mam/ □ pm 631 632 633 634 LANDLORD 635 o'clock □ am/ □ om 636 o'clock | am/ | pm 637 Hnita 638 PRINT/TYPE NAME 639 PRINT/TYPE NAME 640 Emergency # for repairs Emergency # for repairs 641 The party(ies) below have signed and acknowledge receipt of a copy. 642 643 BY: Broker or Licensee Authorized by Broker Leasing Broker/Firm 644 o'clock □ am/ □ pm 645 Date 646 647 PRINT/TYPE NAME The party(ies) below have signed and acknowledge receipt of a copy. 648 649 BY: Broker or Licensee Authorized by Broker 650 Listing Broker/Firm 651 o'clock □ am/ □ pm o'clock □ am/ □ pm Date 652 Date 653

PRINT/TYPE NAME

PRINT/TYPE NAME:

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING JULY 25, 2012 APPLICATION SUMMARY

NAME OF PROJECT:

Overton County Nursing Home

PROJECT NUMBER:

CN1204-017

ADDRESS:

318 Bilbrey Street

Livingston (Overton County), Tennessee 38570

LEGAL OWNER:

Overton County

317 East University Street

Livingston (Overton County), Tennessee 38570

OPERATING ENTITY:

Not Applicable

CONTACT PERSON:

Sarah Lodge Tally

(615) 744-8432

DATE FILED:

April 13, 2012

PROJECT COST:

\$6,345,598

FINANCING:

Tax Exempt Bonds and the applicant's Cash Reserves

REASON FOR FILING:

Modification of an existing nursing home facility in

excess of \$2 million

DESCRIPTION:

Overton County Nursing Home (OCNH) is seeking approval for modification of the existing nursing home through the construction of a new thirty (30) bed addition and minor renovations of the facility at 318 Bilbrey Street, Livingston (Overton County), Tennessee. The new addition will create more private rooms without adding more new licensed beds. The beds in the new addition will be Medicaid certified and will house predominantly TennCare patients and some private pay patients. The nursing home beds will not be subject to the 125 bed Nursing Home Bed Pool for July 2011 to June 2012 state fiscal year period.

preferences in nursing home accommodations and programming have changed. The preponderance of semi-private patient accommodations limits management's options to accommodate individuals' preferences and ability to improve the facility's occupancy efficiency.

The applicant's plan for the new building is to create a homelike environment with all private rooms. In the proposed addition, the residents can receive clinical services and assistance with activities of daily living while enjoying dignity, privacy, and choice. The goal is for the residents to have the opportunity to enjoy a normal experience of older adulthood as they would in their own home. The new building will be designed to be more residential and less institutional in functionality and appearance.

After the thirty beds are created in the new structure, beds in the existing building will be re-arranged to provide more private rooms and to maximize utilization of rooms with sinks. Vacant rooms will be used for storage.

According to the applicant, the project is needed in order to modernize and upgrade the existing facility. This project is necessary to provide more private rooms and a more modern facility for residents.

The applicant is the only nursing home in Overton County. Its average daily census is 2010 was 118. In the same year, more than 30 patients from Overton County went to Putnam County for nursing home services. The applicant believes that this outmigration was due in large part to resident demands for modern nursing home facilities with private rooms and other amenities. Additionally, because of the large number of semi-private rooms, OCNH has had artificially low occupancy rates because semi-private rooms have to be used as private rooms in the case of isolation patients or patients of different genders.

Overton, Clay and Jackson Counties are the service area of OCNH. According to the Division of Health Statistics, Tennessee Department of Health (TDOH), the population of three counties is expected to increase by 1.01% from 40,997 residents in 2012 to 41,404 residents in 2014. The three counties' population cohort of age 65 and older presently accounts for approximately 18.3% of the total population compared to a state-wide average of 14.4%% in CY 2012. The age 65 and older cohort of three counties is expected to grow 5.2% by 2014, as compared to the statewide 6.1% growth rate over the two year period, 2012-2014.

Overton, Clay and Jackson Counties currently have three (3) existing nursing homes containing a total of 349 licensed beds. As reported by the Department of Health in the 2010 Joint Annual Reports, the combined occupancy rate of the 3 nursing home providers reporting patient utilization averaged 77% occupancy of 349 licensed nursing home beds. Among the three counties' nursing homes in 2010, there were no Medicare only certified beds and 290 Medicare/Medicaid dually certified beds for a total of 290 beds available to receive skilled nursing patients. The three county average daily census (ADC) for SNF Medicare patients was 29.1 patients, ADC for Skilled-Medicaid patients was 36.6, the ADC for Skilled Care patients being paid for by all other payors was 1.17. The total ADC for skilled nursing patients was 66.87. The ADC for non-skilled patients was 202. Thus, the total ADC for the three counties' 349 nursing home beds was 268.7 patients.

The applicant expects the ADC of the newly modified one hundred sixty (160) bed facility to increase from approximately 135 patients per day in the first year of operation (2015) to 140 patients per day by the second year of operation (2016). The corresponding facility occupancy for 160 beds is 84% in Year One and 88% in Year Two. The payor distribution of these patients is shown in the chart submitted by the applicant in the supplemental response and shown below:

Year	Licensed Beds	Medicaid certified Beds			Skilled All other Payors ADC	Non- Skilled ADC	Total ADC	Licensed % Occupancy	
2015	160	59	101	37	15	3	80	135	84%
2016	160	59	101	39	15	3	83	140	88%

Per the Projected Data Chart for the proposed thirty (30) bed project, gross operating revenue on an occupancy rate of 100% is \$1,917,450 (\$175.11 per patient day) in Year One of the project, remaining at \$1,917,229 on an occupancy rate of 100% in Year Two. The applicant projects a Net Operating Income less Capital Expenditures will be \$30,909 in project Year One, decreasing to \$22,809 in Year Two. The applicant indicates it is both Medicare and TennCare/Medicaid certified, (both AmeriGroup and United Healthcare). However, since the 30 bed addition will not include any Medicare certified (skilled) beds, the Medicare revenue will be \$0 (0% of total gross operating revenues), while participation in Medicaid is estimated to be \$1,783,229 (93% of total gross operating revenues). The facility-wide payor mix is budgeted at \$2,960,964 Medicare (29% of Gross Operating Revenue) and \$6,024,030 Medicaid (59% of Gross Operating Revenue). The applicant does not expect to increase staffing until the average daily census for the facility exceeds 140 patients. Thus, direct care staffing will remain at 64

full-time equivalent (FTE) employees, including 2.0 FTE registered nurses, 17.0 FTE licensed practical nurses, and 45 FTE certified nursing assistants.

The Historical Data Chart displays OCNH's recent history of profitability: \$433,238 in 2009 on 41,301 patient days (70.7% occupancy), \$305,326 in 2010 on 43,070 patient days (73.8% occupancy), and \$1,250,430 in 2011 on 44,001 patient days (75% occupancy).

The total estimated project cost is \$6,344,844. This sum is composed of \$232,500 for site preparation, \$4,819,500 in construction costs with contingency (\$239.69/square foot*), \$324,246 for fixed and moveable equipment, \$45,000 in site enhancements (fencing, landscaping, irrigation), \$356,000 in architectural and engineering fees, \$43,352 for legal administrative and consultant fees; \$150,000 in underwriting costs, \$360,000 Reserve for One year's Debt Service and \$14,246 for the CON filing fee. *Note to Agency members: The cost per square foot for construction is in the fourth quartile of HSDA 2009-2011 approved nursing home projects. The applicant explains the cost is higher than other recently reviewed nursing home projects, due to 1) site challenges – significant grade change in the site and close proximity to the pond which may require additional structural support; 2) the new building being constructed with steel frame vs. wood frame; and 3) a more residential style design – for example: two kitchens for just 30 beds.

Funding for the proposed project will be through issuance of \$4,150,000 in tax exempt bonds sold through Overton County. The sale of the bonds occurred on April 24, 2012, which was confirmed by the applicant's Administrator in an April 30, 2012 letter to the HSDA. In that same letter the applicant attested that the remainder of the project's cost would be drawn from cash reserves of the applicant. In the OCNH Balance Sheet, dated February 29, 2012, the applicant showed \$1,268,448 in Cash in the bank and a \$2,417,805 Cash Certificate of Deposit. The Current Ratio of current assets to current liabilities was 11.06:1.

The applicant has submitted the required corporate and real estate documentation, population demographics and detailed notes to auditor's report for period ending 6/30/11. Staff will have a copy of these documents available for member reference at the Agency meeting. Copies are also available for review at the Health Services and Development Agency office.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PMW

6/21/2012

LETTER OF INTENT



2012 APR -9 AM 9: 17

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Overton County News, which is a newspaper of general circulation in Overton County, Tennessee, on or before April 10, 2012, for one day.

This is to provide official notice to the Tennessee Health Services and Development Agency ("Agency") and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Agency, that Overton County Nursing Home, a nursing home owned by Overton County, TN, intends to file an application for a Certificate of Need to construct an addition and make minor renovations to the existing facility. Thirty of Overton County Nursing Home's existing beds will be located in the requested addition. Overton County Nursing Home is located at 318 Bilbrey Street, Livingston, TN 38570. The application does not request the addition of any licensed beds or the initiation of any service requiring a certificate of need. The estimated project cost is \$6,345,598.

The anticipated date of filing the application is April 13, 2012. The contact person for this project is Sarah Tally, who may be reached at Miller & Martin PLLC, 1200 One Nashville Place, 150 Fourth Avenue, North, Nashville, Tennessee 37219-2433, 615-244-9270.

April 7, 2012 <u>stally@millermartin.com</u>

The Letter of Intent must be <u>filed in triplicate</u> and <u>received between the first and the tenth</u> day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency Andrew Jackson Building 500 Deaderick Street, Suite 850 Nashville, Tennessee 37243

Pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

ORIGINAL APPLICATION

	Overton County Nursing Home		
	Name	2012 APR 13	PM 12 10
	318 Bilbrey Street	(6	Overton
	Street or Route		County
	<u>Livingston</u>	TN	38570
	City	State	Zip Code
2.	Contact Person Available for Respon	nses to Questions	
	Sarah Lodge Tally	atto	rney
	Name		Title
	Miller & Martin PLLC	stall	y@millermartin.com
	Company Name		Email address
-	150 Fourth Avenue North	<u>Nashville</u>	<u>TN</u> <u>37219</u>
	Street or Route	City	State Zip Code
3	Attorney	<u>615-744-8432</u>	615-256-8197
	Association with Owner	Phone Number	Fax Number
3.	Owner of the Facility, Agency or Ins	<u>stitution</u>	
,	Overton County	931-	-823-6403
	Name	731	Phone Number
	317 East University Street		Overton
	Street or Route	<u> </u>	County
	Livingston	TN	38570
1.2	City	State	Zip Code
4.	Type of Ownership of Control (Chec	k One)	
	A. Sole Proprietorship	F. Government	t (State of TN or
	B. Partnership	Political Sub	,
	C. Limited Partnership	G. Joint Ventur	/
	D. Corporation (For Profit) E. Corporation (Not-for-Profit)	H. Limited Lial X I. Other (Speci	
	E. Corporation (Not-101-1 1011t)	. Other (Speci	

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

1.

Name of Facility, Agency, or Institution

5.	5. Name of Management/Operating Entity (If Applicable)								
	N/A				*(
	Nar					———»:			
	Stre	eet or Route			County				
	City	1	-	Sı	tate Zip Code	<u> </u>			
		T ALL ATTACHMENTS AT THE FERENCE THE APPLICABLE IT				DER AND			
6.		Legal Interest in the Site of the Insti	tution (C	heck	One)				
	A.	Ownership	X	D.	Option to Lease	C			
	B.	Option to Purchase		E.	Other (Specify)				
	C.	Lease of Years							
Tel		T ALL ATTACHMENTS AT THE FERENCE THE APPLICABLE ITE				DER AND			
7.		Type of Institution (Check as approp	riatemo	ore th	nan one response may apply)				
	A.	Hospital (Specify)			Nursing Home	_X			
	В.	Ambulatory Surgical Treatment			Outpatient Diagnostic Center				
	0	Center (ASTC), Multi-Specialty			Recuperation Center	1			
	C.	ASTC, Single Specialty			Rehabilitation Facility	-			
	D. E.	Home Health Agency			Residential Hospice Non-Residential Methadone	· · · · · ·			
	E. F.	Hospice Mental Health Hospital		IN.	Facility				
	G.	Mental Health Residential	-	\cap	Birthing Center	3			
	0.	Treatment Facility			Other Outpatient Facility				
	H.	Mental Retardation Institutional		1.	(Specify)				
		Habilitation Facility (ICF/MR)		Q.	Other (Specify)				
8.		Purpose of Review (Check as approp	riatemo	ore th	aan one response may apply)				
	A.	New Institution		G.	Change in Bed Complement				
	В.	Replacement/Existing Facility		0.	[Please note the type of change				
	C.	Modification/Existing Facility	$\overline{\mathbf{X}}$		by underlining the appropriate				
	D.	Initiation of Health Care			response: Increase, Decrease,				
		Service as defined in TCA §			Designation, Distribution,				
		68-11-1607(4)			Conversion, Relocation]				
		(Specify)	V 13		Change of Location				
	\mathbf{E}_{\star}	Discontinuance of OB Services		I.	Other (Specify)	-			
	\mathbf{F}_{\cdot}	Acquisition of Equipment			12	=			

9. <u>Bed Complement Data</u> Please indicate current and proposed distribution and certification of facility beds.

			Curre	nt Beds <u>Licensed</u> <u>*CON</u>	Staffed <u>Beds</u>	Beds <u>Proposed</u>	TOTAL Beds at <u>Completion</u>
A. Medical							-
B. Surgical				-			-
C. Long-Term Care H	lospital						
D. Obstetrical							
E. ICU/CCU							
F. Neonatal							
G. Pediatric			-				<u>-</u>
H. Adult Psychiatric							
I. Geriatric Psychiatr	ic						
J. Child/Adolescent F	Sychiatric	;			2-2 11111111111111111111111111111111111		
K. Rehabilitation							
L. Nursing Facility (no	n-Medicaid C	Certified)					
M. Nursing Facility Le			59		59		<u>59</u>
N. Nursing Facility Le	evel 2 (Med	licare only)					
O. Nursing Facility Le	evel 2	• ,	101		1.01	-	101
(dually certified Medicaid/Me			<u>_101</u> _	-	<u>_101</u> _		_101_
P. ICF/MR							
Q. Adult Chemical De	ependency				¥-		
R. Child and Adolesce	ent Chemi	cal					
Dependency							
S. Swing Beds							
T. Mental Health Res	idential T	reatment					
U. Residential Hospic	e				2		
TOTAL							160
*CON-Beds approved bu	t not yet in se	ervice					
10. Medicare Provider N	umber	445419					
Certification	n Type	SNF					
11. Medicaid Provider N	umber	7440219					•
Certification	n Type	Level I					
12. If this is a new facility	y, will cer	tification be	sought for	· Medicar	e and/or	Medicaid	
13. Identify all Ten	nCare	Managed	Care	Organiza	ations/B	ehavioral	Health

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants?

Yes. The applicant is contracted with AmeriGroup and United Healthcare.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

April 25, 2012 03:18 pm

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

<u>Background</u>. Overton County Nursing Home ("OCNH") is an instrumentality of Overton County. The direct owner of OCNH is Overton County Nursing Home, a not for profit corporation, the board of directors of which is appointed by the Overton County Board of County Commissioners. OCNH was built in 1961. An addition was built in 1979, and a small therapy addition was built in 2011. OCNH has 160 licensed beds in 30 private rooms and 65 semi-private rooms. Because of the age of the facility many rooms do not have sinks or shower facilities in the rooms. Additionally, the existing rooms are smaller than is standard in modern nursing homes.

This project will construct an addition and make minor renovations to the existing facility. The addition will be a new building directly behind the existing facility. OCNH will move 30 beds from the existing building to the new building. The plan for the new building is to create a homelike environment with all private rooms. In the proposed addition, the residents can receive clinical services and assistance with activities of daily living while enjoying dignity, privacy, and choice. The goal is for the residents to have the opportunity to enjoy a normal experience of older adulthood as they would in their own home. The new building will be designed to be more residential and less institutional in functionality and appearance. It will have two wings with shared support space. Each wing will have 15 private rooms and common living spaces.

After the thirty beds have been moved to the new building, beds in the existing building will be re-arranged to provide more private rooms and to maximize utilization of rooms with sinks. Vacant rooms will be used for storage.

Service Area. The service area for the project is Overton, Clay, and Jackson Counties.

<u>Need</u>. The project is needed in order to modernize and upgrade the existing facility. The project does not seek to add any new beds.

<u>Existing Resources</u>. As explained above, the project does not add any new beds. It will make better use of the existing licensed beds by providing more private rooms.

<u>Project Cost.</u> The total cost of the project will be \$6,344,844, the vast majority of which is construction of the new building.

<u>Financial Feasibility</u>. The project will be financed by bonds, which have been approved by the Overton County Board of County Commissioners.

- **II.** Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.
 - A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

The new building will be a total of 19,851 square feet. Each of the new resident rooms will be 257 square feet, compared to an average of 175 square feet in the existing facility. All of the new resident rooms will be private. When the 30 beds are moved to the new building, the beds in the existing building will be rearranged so that the largest rooms are used for semi-private rooms and the smaller rooms for private rooms. Additionally, OCNH will maximize the use of rooms that include sinks.

The new building will have two wings, which will each have 15 private resident rooms, common living space, and an office. The private resident rooms will include private baths with showers. The living space in each wing will include a dining area, kitchen, living area, den, and patio. The wings will share a sun room, beauty shop, spa, and laundry facility.

This project does not include any major medical equipment or the initiation of any new service.

A letter from the architect stating that the building will comply with all applicable codes is attached as Attachment B.II.A.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

There will be no change in the number of beds. Thirty beds will be moved to the new building. Moving the beds will provide more private rooms in the existing building.

SUPPLEMENTAL- # 2 April 30, 2012 11:52 am

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

	Total	\$1,945,354	\$406,566	\$565,730	\$74,881	\$94,694	\$234,419	\$207,916		\$3,529,560	\$74,140	\$986,300	\$4,590,000
Prop. C.	New	\$1,945,354	\$406,566	\$528,280	\$74,881	\$94,694	\$234,419	\$207,916		\$3,492,110	\$74,140	\$986,300	\$4,552,550
	Renovated	n/a	n/a	\$37,450	n/a	n/a	n/a	n/a		\$37,450	n/a	n/a	\$37,450
	Total	27,972	4,688	4,263	1,659	4,797	5,825	3,806		53,010	1,400	15,896	70,306
Proposed Final Square Footage	New	7,560	1,580	2,053	291	368	911	808		13,571	644	5,636	19,851
Pro Squ	Renovated	n/a	n/a	1,498	п/а	n/a	п/а	n/a		1,498	n/a	n/a	1,498
Proposed Final	Location	Existing and New Building	Existing and New Kitchens	Existing and New Building	Existing and New Building	Existing and New Building	Existing and New Building	Existing and New Building				,	
Temporary I ocation	LOCATION	Existing Building	Existing Kitchen	Existing Building	Existing Building	Existing Building	Existing Building	Existing Building					
Existing	5	20,412	3,108	712	1,368	4,429	4,914	2,998	li#	37,941	756	10,260	48,957
Existing Location	Cocation	Existing Building	Existing Kitchen	Existing Building	Existing Building	Existing Building	Existing Building	Existing Building					
A. Unit / Department		Resident Rooms	Food Service	Storage	Laundry	Administration	Support Services	Common Areas		B. Unit/Depart. GSF Sub-Total	C. Mechanical/ Electrical GSF	D. Circulation /Structure GSF	E. Total GSF

- C. As the applicant, describe your need to provide the following health care services (if applicable to this application): *N/A*
 - 1. Adult Psychiatric Services
 - 2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
 - 3. Birthing Center
 - 4. Burn Units
 - 5. Cardiac Catheterization Services
 - 6. Child and Adolescent Psychiatric Services
 - 7. Extracorporeal Lithotripsy
 - 8. Home Health Services
 - 9. Hospice Services
 - 10. Residential Hospice
 - 11. ICF/MR Services
 - 12. Long-term Care Services
 - 13. Magnetic Resonance Imaging (MRI)
 - 14. Mental Health Residential Treatment
 - 15. Neonatal Intensive Care Unit
 - 16. Non-Residential Methadone Treatment Centers
 - 17. Open Heart Surgery
 - 18. Positron Emission Tomography
 - 19. Radiation Therapy/Linear Accelerator
 - 20. Rehabilitation Services
 - 21. Swing Beds
- D. Describe the need to change location or replace an existing facility.

The location of the nursing home will not change. A new building will be built on the grounds of the existing nursing home, and thirty beds will be moved to the new building. This move is necessary to provide more private rooms and a more modern facility for residents.

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following: *N/A*
 - 1. For fixed-site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 - 1. Total cost ;(As defined by Agency Rule).
 - 2. Expected useful life;
 - 3. List of clinical applications to be provided; and
 - 4. Documentation of FDA approval.
 - b. Provide current and proposed schedules of operations.

- 2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost.
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.
- 3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.
- III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:
 - 1. Size of site (in acres);
 - 2. Location of structure on the site; and
 - 3. Location of the proposed construction.
 - 4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for <u>all projects</u>.

The plot plan is attached as Attachment B.III.A.

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The facility is centrally located in Livingston, TN, just off of Highway 111.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **<u>DO NOT SUBMIT BLUEPRINTS</u>**. Simple line drawings should be submitted and need not be drawn to scale.

The floor plan is attached as Attachment B.IV.

- **V.** For a Home Health Agency or Hospice, identify:
 - 1. Existing service area by County;
 - 2. Proposed service area by County;
 - 3. A parent or primary service provider;

- 4. Existing branches; and
- 5. Proposed branches.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

- 1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
 - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

<u>Tennessee Health: Guidelines for Growth</u> defines the following criteria for renovations or expansion of an existing licensed health care institution:

A. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

The applicant is the only nursing home in Overton County. Its average daily census is 2010 was 118. In the same year more than 30 patients from Overton County went to Putnam County for nursing home services. The applicant believes that this outmigration was due in large part to resident demands for modern nursing home facilities with private rooms and other amenities. Additionally, because of the large number of semi-private rooms, OCNH has had artificially low occupancy rates because semi-private rooms have to be used as private rooms in the case of isolation patients or patients of different genders.

As further described below, the elderly population in the service area is increasing, so it is expected that need for nursing home services will increase.

B. The applicant should demonstrate that the existing physical plant's condition warrants a major renovation or expansion.

The facility was built in 1961, and an addition was done in 1979. The facility simply does not meet modern expectations. Many of the rooms are semi-private and/or without sinks or showers. Further the rooms are smaller than the modern standard.

<u>STATE HEALTH PLAN –</u> <u>FIVE PRINCIPALS FOR ACHIEVING BETTER HEALTH</u>

- <u>Healthy Lives</u>. The project will improve the health of patients because it will provide a more modern, patient-friendly nursing home environment.
- <u>Access to Care</u>. The applicant participates in all TennCare MCOs that operate in the area. The applicant has a history of serving low-income patients.

- <u>Economic Efficiencies</u>. This project does not add any new beds but simply modernizes and improves the existing facility.
- Quality of Care. The facility has a history of providing excellent care to its residents.
- <u>Health Care Workforce</u>. OCNH partners with Tennessee Technology Center at Livingston to train LPNs and has an in-house training program for CNAs..
- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c). *N/A*
- 2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

The long-range plan of OCNH is to modernize and upgrade the entire facility. This project is part of that process. The facility has already made cosmetic changes to improve the appearance of the existing facility. The new building will be state-of-the-art and up to all modern standards for nursing home care. Additionally, moving thirty beds to the new building will free up space in the existing building.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

The service area for the project is Overton, Clay, and Jackson Counties. The service area is reasonable based on existing patients – 76% of patients in 2010 were from the service area. The remainder of OCNH's patients are from twelve different Tennessee counties and Kentucky.

A service area map is attached as Attachment C. Need 3.

4. A. Describe the demographics of the population to be served by this proposal.

Please see demographic data attached as Attachment C. Need 4.A.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

This service area is older and poorer than the state average. The elderly population (65+) continues to grow. It is projected that the elderly population will have increased by 45% from 2000-2020. The elderly population increased by

25% from 2000 to 2010. (Tennessee Dept. of Health Populations Estimates and Projections)

OCNH has served the community for 51 years and will continue to meet community needs with the implementation of this project.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Mabry Health Care and Rehabilitation Center and Clay County Manor are the only two nursing homes in the service area. There are no approved but unimplemented CONs for nursing homes in the service area.

	Patient Days	Utilization
Mabry Health Care and Rehabilitation Center (Jackson County)		
2008	35,271	79%
2009	38,619	86%
2010	32,012	71%
Clay County Manor		
2008	22,997	95%
2009	21,692	90%
2010	22,987	95%

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology <u>must include</u> detailed calculations or documentation from referral sources, and identification of all assumptions.

Utilization Statistics

Year	Patient Days	Occupancy Percentage
2009	41,301	70%
2010	43,070	74%
2011	44,001	75%
2015	49,275	84%
2016	51,100	88%

This project does not seek additional beds; therefore, the success of the proposed project does not depend on new referral sources or increased needs in the service area. Given that OCNH is the only nursing home in the county and that the senior population is expected to grow, a conservative assumption is that future utilization will increase. Also, the planned improvements will make the facility more attractive to seniors in Overton County. In 2010, over 30 Overton County residents were patients at Putnam County nursing homes. OCNH believes that many of those patients would have stayed in Overton County if a more modern facility had been available.

ECONOMIC FEASIBILITY

- 1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
 - The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant

- renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

A letter from the architect regarding estimated construction costs is attached as Attachment C. Economic Feasibility 1.

SUPPLEMENTAL-#1

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PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase:	R 25 PM 3 19
	1. Architectural and Engineering Fees 2012 HF	\$356,000
	2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 43,352
	3. Acquisition of Site	<u>n/a</u>
	4. Preparation of Site	\$232,500
	5. Construction Costs	\$4,590,000
	6. Contingency Fund	\$229,500
	7. Fixed Equipment (Not included in Construction Contract)	\$100,000
	8. Moveable Equipment (List all equipment over \$50,000)	\$224,246
	9. Other (Specify) Fencing, Landscaping, Irrigation	\$45,000
В.	Acquisition by gift, donation, or lease:	
ž.	1. Facility (inclusive of building and land)	<u>n/a</u>
	2. Building only	n/a
	3. Land only	n/a
	4. Equipment (Specify)	<u>n/a</u>
	5. Other (Specify)	<u>n/a</u>
C.	Financing Costs and Fees:	
О.	1. Interim Financing	n/a
	2. Underwriting Costs	\$150,000
	3. Reserve for One Year's Debt Service	\$360,000
	4. Other (Specify)	
D.	Estimated Project Cost (A+B+C)	\$6,330,598
E.	CON Filing Fee	\$14,246
F.	Total Estimated Project Cost (D+E)	\$6,344,844
	TOTAL	\$6,344,844

SUPPLEMENTAL-#1

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2.	Identif	y the funding sources for this project.
	end o	check the applicable item(s) below and briefly summarize flow the project will be ed. (Documentation for the type of finding MUST be inserted at the f the application, in the correct alpha/numeric order and identified as hment C, Economic Feasibility-2.)
	A.	Commercial loanLetter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
	В.	Tax-exempt bondsCopy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
	C.	General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
	D.	GrantsNotification of intent form for grant application or notice of grant award; or
\boxtimes	Е.	Cash ReservesAppropriate documentation from Chief Financial Officer.
	F.	Other—Identify and document funding from all other sources.
		and Resolution and a letter documenting the necessary cash reserves are attached achment C. Economic Feasibility 2.
3.	compa	s and document the reasonableness of the proposed project costs. If applicable, re the cost per square foot of construction to similar projects recently approved by alth Services and Development Agency.
	an esti	oposed project includes the construction of a new 19,851 square foot building at imated cost of \$5,820,598, which is approximately \$293 per square foot. This te was prepared by Gregory Lusk of The Lewis Group Architects, Inc., a licensed see architect.
	due to more r OCNH proxim The es	st discussed above is higher than recent traditional nursing home projects. This is site challenges and the new building being constructed with a steel frame and in a esidential style. For example, OCNH is building two kitchens for just 30 beds. The site is difficult for construction because of a significant grade change and close tity to the pond. The proximity to water may require additional structural support stimated project cost assumes the "worst case" scenario in terms of the site ation challenges.

Other recent traditional nursing home projects have had costs per square foot of \$150, Life Care of Collegedale, and \$137.60, NHC Sparta. Jefferson County nursing home recently completed a similar, residential-style project using the same architects. The estimated cost per square foot of that project was \$237.

4. Complete Historical and Projected Data Charts on the following two pages--<u>Do not modify the Charts provided or submit Chart substitutions!</u> Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

HISTORICAL DATA CHART

Give information for the last *three* (3) years for which complete data are available for the facility or agency. The fiscal year begins in July.

		Year <u>2009</u>	Year 2010	Year <u>2011</u>
A.	Utilization Data (patient days)	<u>41,301</u>	43,070	<u>44,001</u>
B.	Revenue from Services to Patients			
1.	Inpatient Services	<u>\$8,344,451</u>	<u>\$8,380,569</u>	\$9,706,689
2.	Outpatient Services	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
3.	Emergency Services	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
4.	Other Operating Revenue	\$15,812	<u>\$53,020</u>	<u>\$80,263</u>
<u>Beau</u>	ty shop, home delivered meals (HCBS Provider)			
	Gross Operating Revenue	\$ <u>8,360,263</u>	\$ <u>8,433,589</u>	\$ <u>9,786,952</u>
C. Rev	Deductions from Gross Operating enue			
1.	Contractual Adjustments	\$ <u>814,243</u>	\$ <u>870,891</u>	\$ <u>684,357</u>
2.	Provision for Charity Care	(0-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1		N*
3.	Provisions for Bad Debt	\$182,798	\$210,654	\$425,090
	Total Deductions	\$997,041	\$1,081,545	\$1,109,447
NET	OPERATING REVENUE	\$ <u>7,363,222</u>	\$ <u>7,352,044</u>	\$ <u>8,677,505</u>
D.	Operating Expenses			
1.	Salaries and Wages	\$ <u>3,531,182</u>	\$ <u>3,636,667</u>	\$ <u>3,887,241</u>
2.	Physician's Salaries and Wages	<u>n/a</u>	n/a	<u>n/a</u>
3.	Supplies	\$1,141,059	\$1,182,511	\$1,248,454
4.	Taxes	<u>n/a</u>	n/a	<u>n/a</u>
5.	Depreciation	<u>\$138,447</u>	\$132,863	\$138,269
6.	Rent	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
7.	Interest, other than Capital	<u>\$2,576</u>	\$2,370	\$1,838
8. pro	Other Expenses Insurance, utilities, consulting, of signal services, licensure fees	\$2,362,029	\$2,288,922	\$2,492,997
	Total Operating Expenses	\$7,175,293	\$7,243,333	\$ <u>7,768,799</u>
E. Repo	Other Revenue (Expenses) – Net Cost ort Settlement, Guest and Employee Meals	\$ <u>245,309</u>	\$ <u>196,615</u>	\$ <u>341,724</u>
NET	OPERATING INCOME (LOSS)	\$ <u>433,238</u>	\$ <u>305,326</u>	\$ <u>1,250,430</u>
F.	Capital Expenditures	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
1.	Retirement of Principal	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
2.	Interest	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

Total Capital Expenditures

<u>n/a</u>

<u>n/a</u>

n/a

NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES

\$433,238

\$305,326

\$1,250,430

Historical Data – Other Expenses

		2009	2010	2011
Insurance				
	Health	\$220,990	\$265,202	\$262,709
	General	\$122,010	\$116,240	\$118,013
	Workers' Compensation	\$74,108	\$85,774	\$77,466
Retirement		\$114,683	\$126,478	\$141,085
Utilities				
	Electric	\$114,626	\$107,483	\$122,068
91	Gas	\$89,049	\$70,297	\$65,137
	Water	\$18,210	\$20,864	\$21,875
1000	Waste and Biohazard	\$40,738	\$44,582	\$48,776
	Telephone	\$16,943	\$16,357	\$17,773
Licensure				
	Bed Tax	\$356,000	\$356,000	\$356,000
Consulting and Contracts		\$591 <u>,</u> 132	\$575,995	\$701,005
General and Administrative		\$43,551	\$83,026	\$108,781
Advertising		\$2,441	\$3,961	\$4,594
Building Repair		\$275,919	\$131,645	\$132,354
Grounds Maintenance	1	\$4,965	\$11,473	\$19,445
Payroll Taxes		\$276,664	\$273,365	\$295,916
TOTAL:	0	\$2,362,029	\$2,288,922	\$2,492,997

SUPPLEMENTAL- #2 April 30, 2012

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Historical Data – Consulting Costs

	2009	2010	2011
Medical Director	\$15,000	\$15,000	\$19,800
X-ray Services	\$8,090	\$11,728	\$10,178
Dietary Consultant	\$17,868	\$14,698	\$36,179
Building Maintenance	\$35,705	\$4,822	\$10,828
Therapy Contracts (PT, OT, and ST)	\$433,786	\$450,860	\$539,577
Ambulance Services	\$12,477	\$7,064	\$10,235
Non-ambulance transit	\$81	\$356	\$27
Lab Contract	\$7,019	\$7,207	\$7,128
Legal Fees	\$2,709	\$1,432	\$8,942
Accounting and Audit Fees	\$31,890	\$31,570	\$32,560
Computer and IT Fees	\$2,389	\$4,424	\$3,379
Equipment Maintenance Contracts	\$5,758	\$6,385	\$8,529
Beautician Contract	\$18,360	\$20,449	\$13,643
TOTAL:	\$591,132	\$575,995	\$701,005

PROJECTED DATA CHART - Project Only

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July.

	4	Year 2015	Year 2016
A.	Utilization Data (patient days)	10,950	10,950
B.	Revenue from Services to Patients		
1,	Inpatient Services	\$ <u>1,916,250</u>	\$ <u>1,916,250</u>
2.	Outpatient Services	<u>n/a</u>	<u>n/a</u>
3.	Emergency Services	<u>n/a</u>	<u>n/a</u>
4.	Other Operating Revenue: beauty shop	\$1,200	\$1,500
	Gross Operating Revenue	\$ <u>1,917,450</u>	\$ <u>1,917,750</u>
C.	Deductions from Gross Operating Revenue		
1,	Contractual Adjustments	<u>\$120,391</u>	<u>\$120,391</u>
2,	Provision for Charity Care		
3.	Provisions for Bad Debt	\$10,000	<u>\$10,000</u>
	Total Deductions	\$ <u>130,391</u>	\$ <u>130,391</u>
NET	OPERATING REVENUE	\$ <u>1,787,059</u>	\$ <u>1,787,359</u>
D.	Operating Expenses		
1.	Salaries and Wages	\$ <u>755,550</u>	\$ <u>759,000</u>
2.	Physician's Salaries and Wages	<u>n/a</u>	<u>n/a</u>
3.	Supplies	\$197,100	\$198,000
4.	Taxes	<u>n/a</u>	<u>n/a</u>
5.	Depreciation	\$184,300	<u>\$184,300</u>
6.	Rent	<u>n/a</u>	<u>n/a</u>
7.	Interest, other than Capital	<u>n/a</u>	<u>n/a</u>
8.	Other Expenses utilities, insurance, consulting	\$305,700	<u>\$311,000</u>
	Total Operating Expenses	\$ <u>1,442,650</u>	\$ <u>1,452,300</u>
E.	Other Revenue (Expenses) – Net (Specify)	\$	\$
NET	OPERATING INCOME (LOSS)	\$ <u>344,409</u>	\$ <u>335,059</u>
F.	Capital Expenditures		
	Retirement of Principal	\$ <u>125,000</u>	\$ <u>130,000</u>
2.	Interest	<u>\$188,500</u>	<u>\$182,250</u>
	Total Capital Expenditures	\$ <u>313,500</u>	\$ <u>312,250</u>
	OPERATING INCOME (LOSS) S CAPITAL EXPENDITURES	\$ <u>30,909</u>	\$ <u>22,809</u>

Projected Data (Project Only) – Other Expenses

		2015	2016
Insurance			
	Health	\$40,000	\$40,000
	General	\$32,000	\$32,000
	Workers' Compensation	\$20,000	\$20,000
Retirement		\$8,000	\$8,000
Utilities			
	Electric	\$30,050	\$31,050
	Gas	\$10,000	\$10,500
i i i i i i i i i i i i i i i i i i i	Water	\$6,000	\$6,500
	Waste and Biohazard	\$5,000	\$5,000
	Telephone	\$7,200	\$7,200
Licensure			
	Bed Tax	\$66,750	\$66,750
Consulting and Contracts		\$15,000	\$18,000
Payroll Taxes		\$65,700	\$66,000
TOTAL:		\$305,700	\$311,000

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Projected Data (Project Only) – Consulting Costs

	2015	2016
Medical Director	\$4,000	\$4,500
Dietary Consultant	\$5,000	\$6,000
Therapy Contracts (PT, OT, and ST)	\$500	\$1,000
Beautician Contract	\$4,000	\$4,000
Building Maintenance	\$1,500	\$2,500
TOTAL:	\$15,000	\$18,000

PROJECTED DATA CHART - Whole Facility

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July.

ın J	uly.		Year 2015	Year 2016
A.	Y Tel	lization Data (patient days)	49,275	51,100
В.		venue from Services to Patients	49,273	31,100
Б.			Φ10 710 110	Ф11 154 20C
	1.	Inpatient Services	\$10,718,119	\$11,154,306
	2.	Outpatient Services	n/a	n/a
	3.	Emergency Services	n/a	n/a
	4.	Other Operating Revenue Beauty shop, home delivered meals (HCBS Provider)	\$87,000	\$90,000
		Gross Operating Revenue	\$10,805,119	\$11,244,306
C.	Dec	luctions from Gross Operating Revenue		
	1.	Contractual Adjustments	\$714,898	\$805,810
	2.	Provision for Charity Care	n/a	n/a
	3.	Provisions for Bad Debt	\$390,000	\$390,000
		Total Deductions	\$1,104,898	\$1,195,810
NET	г ор	ERATING REVENUE	\$9,700,221	\$10,048,496
D.	Оре	erating Expenses		
	1.	Salaries and Wages	\$4,584,422	\$4,676,422
	2.	Physician's Salaries and Wages	n/a	n/a
	3.	Supplies	\$1,448,454	\$1,498,454
	4.	Taxes	n/a	n/a
	5.	Depreciation	\$322,300	\$322,300
	6.	Rent	n/a	n/a
	7.	Interest, other than Capital	\$1,800	\$1,800
	8.	Management Fees:		
		a. Fees to Affiliates	n/a	n/a
		b. Fees to Non-Affiliates		
	9.	Other Expenses (Specify)	\$2,668,645	\$2,706,645
		Total Operating Expenses	\$9,025,621	\$9,205,621
E.		er Revenue (Expenses) Net (Specify)	\$240,000	\$260,000
NET	OP	ERATING INCOME (LOSS)	\$914,600	\$1,102,875
F.	Cap	ital Expenditures		
	1.	Retirement of Principal	\$155,000	\$160,000
	2.	Interest	\$105,340	\$103,635

SUPPLEMENTAL

Total Capital Expenditures \$260,340 \$263,635

NET OPERATING INCOME (LOSS) less CAPITAL \$654,260 \$839,240

EXPENDITURES

Projected Data (Full Facility) - Other Expenses

		2015	2016
Insurance			
	Health	\$265,000	\$266,000
	General	\$140,000	\$140,000
6	Workers' Compensation	\$80,000	\$80,000
Retirement		\$170,000	\$180,000
Utilities			98
	Electric	\$170,000	\$180,000
	Gas	\$85,000	\$87,000
	Water	\$32,000	\$33,000
	Waste and Biohazard	\$52,000	\$54,550
	Telephone	\$19,500	\$19,700
Licensure			
	Bed Tax	\$356,000	\$356,000
Consulting and Contracts		\$700,000	\$700,000
Advertising		\$4,700	\$4,750
Building Repair		\$175,800	\$177,000
Grounds Maintenance		\$20,000	\$20,000
Payroll Taxes		\$398,645	\$408,645
TOTAL:		\$2,668,645	\$2,706,645

Projected Data (Whole Facility) – Consulting Costs

	2015	2016
Medical Director	\$19,800	\$19,800
X-ray Services	\$9,000	\$9,000
Dietary Consultant	\$30,000	\$30,000
Building Maintenance	\$11,350	\$11,350
Therapy Contracts (PT, OT, and ST)	\$550,000	\$550,000
Ambulance Services	\$10,000	\$10,000
Non-ambulance transit	\$50	\$50
Lab Contract	\$7,000	\$7,000
Legal Fees	\$1,500	\$1,500
Accounting and Audit Fees	\$32,000	\$32,000
Computer and IT Fees	\$3,300	\$3,300
Equipment Maintenance Contracts	\$6,000	\$6,000
Beautician Contract	\$20,000	\$20,000
	3 = 7 - 314	
TOTAL:	\$700,000	\$700,000

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

The projected charges and deductions are as follows:

	Average Gross Charge	Average Deduction	Average Net Charge
Projected:			15
2015	\$175/day	\$11.78/day	\$163.22
2016	\$175/day	\$11.78/day	\$163.22

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

The proposed charge for the project is \$175 per day. The current charges for OCNH are \$178 per day for a skilled bed and \$163 per day for an intermediate bed. Charges are projected to increase as a result of normal inflation.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Charge Rate Comparison

Facility	Current
Mabry Health Care and Rehabilitation Center	\$153 per day
Clay County Manor	\$163 per day
Overton County Nursing Home	\$163 per day

Proposed charges are not available for Mabry Health and Rehabilitation Center and Clay County Manor, but current charges for all three nursing homes in the service area are comparable.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Currently, OCNH's utilization rates are cost effective. Utilization is only expected to increase with the improvement to the facility and the increase in the elderly population, which will increase cost-effectiveness.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

OCNH is financially viable and has sufficient cash flow to maintain operations. This project will be financially viable in the first year of operation. This project does not add any new beds and, therefore, does not require an increase in utilization to be financially viable.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

The facility has historically participated in both Medicare and Medicaid. OCNH is contracted with AmeriGroup and United Healthcare for TennCare. This project will not have any Medicare patients because it will not have skilled beds. The project will be predominantly TennCare with some private pay. TennCare revenue is expected to be approximately \$1,783,229, which is 93% of total project revenue.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

The most recent balance sheet and statement of operations (February 2012) and the audited financial statement for 2011 are attached, as Attachment C. Economic Feasibility 10.

- 11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.
 - b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be

documented that superior alternatives have been implemented to the maximum extent practicable.

The only alternative to the project is to do nothing, which is unacceptable given the age of the facility and the demand for private rooms.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

OCNH has transfer agreements with Livingston Regional Hospital and Cookeville Regional Medical Center.

Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

This project will only have a positive impact on the health care system. It modernizes and upgrades the existing facility without adding any new beds.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

OCNH anticipates an increase in staffing as its census increases. The anticipated staffing pattern for the project is as follows:

- 2 Licensed Practical Nurses for first shift;
- 1 Licensed Practical Nurse for second and third shifts; and
- 4 Certified Nurse Assistants for each of the three shifts.

The salary ranges at OCNH are \$27,684 - \$38,084 for LPNs and \$17,804 - \$25,604 for CNAs. Per the United States Department of Labor Bureau of Labor Statistics, the mean wages in the service area are \$32,600 for an LPN and \$21,010 for a CNA.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

OCNH has never had trouble recruiting staff. The facility currently provides in-house CNA training. Additionally, OCNH is a training site for the LPN program at Tennessee Technology Center at Livingston.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

The applicant is familiar with and understands all licensing and certification requirements of the State of Tennessee.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

As mentioned above, OCNH is a training site for the LPN program at Tennessee Technology Center at Livingston and provides in-house training for CNAs.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

The applicant has reviewed and understands the licensure requirements of all the relevant state and federal agencies.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: Tennessee Department of Health

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

The current license is attached as Attachment C. Orderly Development 7(c).

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

The most recent survey is attached as Attachment C. Orderly Development 7(d).

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such

information is to be provided for licenses regardless of whether such license is currently held.

N/A

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

N/A

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

The Applicant will provide all required information to state and federal agencies.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
- 2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

PROOF OF PUBLICATION

STATE OF TENNESSEE COUNTY OF OVERTON

2012 APR 13 PM 12 11

Carson Oliver of the City of Livingston, County of Overton, State of Tennessee, first being duly sworn, deposes and says that he is President of Overton County News, a proprietorship existing under the Laws of the State of Tennessee; that said proprietorship is publisher of the OVERTON COUNTY NEWS, a weekly newspaper of general circulation published in the City of Livingston, County of Overton, State of Tennessee; and that the

21" OCNH: Notice of Intent to Apply for Certificate of Need

hereto attached legal notice appeared in the aforesaid newspaper for consecutive issues as follows:

newspaper for col	nsecutive issues as	follows:
	Issue of	10-12
	Issue of	
	Issue of	
	Issue of	- 1
SIGNED:	President, Overton	
	Tresident, Over for	County 14CMS
2		
Subscribed and sworn to b	pefore me on this 11th	_day of April
2012	· —	(SEAL)
Kai	che Smit	STANCHEL C. SALL
Notary Public, C	Overton County, Tennessee	TENNESSEE
		PUBLIC "
My Commission Expires	May 13 , 2013	Timmunini



+

TUESDAY April 10, 2012 50¢



Wildcats still undefeated in district play

2 APR 13 PM 12 1

Get Print & Online 523!



Overton County W NEWS

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Tennessee Health Services and Development Agency ("Agency") and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Agency, that Overton County Nursing Home, a nursing home owned by Overton County, TN, intends to file an application for a Certificate of Need to construct an addition and make minor renovations to the existing facility. Thirty of Overton County Nursing Home's existing beds will be located in the requested addition. Overton County Nursing Home is located at 318 Bilbrey Street, Livingston, TN 38570. The application does not request the addition of any licensed beds or the initiation of any service requiring a certificate of need. The estimated project cost is \$6,345,598.

The anticipated date of filing the application is April 13, 2012. The contact person for this project is Sarah Tally, who may be reached at Miller & Martin PLLC, 1200 One Nashville Place, 150 Fourth Avenue, North, Nashville, Tennessee 37219-2433, 615-244-9270.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Tennessee Health Services and Development Agency Andrew Jackson Building 500 Deaderick Street, Suite 850 Nashville, TN 37243

Pursuant to TCA Sec. 68-11-1607(c)(1), (A) any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

4/10/11

SUPPLEMENTAL-#1

April 25, 2012 03:18 pm

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.G.A28 68-11-1609(c): July 25, 2012

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

Pha	se	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1.	Architectural and engineering contract signed	0	2/12
2. Dep	Construction documents approved by the Tennessee artment of Health	210	2/13
3.	Construction contract signed	224	3/13
4.	Building permit secured	238	3/13
5.	Site preparation completed	358	7/13
6.	Building construction commenced	365	7/13
7.	Construction 40% complete	455	10/13
8.	Construction 80% complete	545	1/14
9.	Construction 100% complete (approved for occupancy)	620	4/14
10.	*Issuance of license	n/a	n/a
11.	*Initiation of service	650	5/14
12.	Final Architectural Certification of Payment	650	5/14
13.	Final Project Report Form (HF0055)	680	5/14

^{*} For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

AFFIDAVIT 2012 APR 13 PM 12 11

STATE OF TN
COUNTY OF <u>Overton</u>
Jennik Brikin , being first duly sworn, says that she is the
applicant named in this application or its lawful agent, that this project will be completed in
accordance with the application, that the applicant has read the directions to this application, the
Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, et seq., and
that the responses to this application or any other questions deemed appropriate by the Health
Services and Development Agency are true and complete. SIGNATURE/TITLE
Sworn to and subscribed before me this 11th day of April , 2012 a Notary
Public in and for the County/State of
STATE OF TENNESSEE NOTARY PUBLIC NOTARY PUBLIC
My commission expires 6-28-15 (Month/Day), (Year)

Attachments

Attachment A.3 - Corporate Charter and Certificate of Corporate Existence

Attachment A.4 - Corporate Organization Chart

Attachment A.6 - Deed

Attachment B.II.A - Codes Letter

Attachment B.III.(A) - Plot Plan

Attachment B.IV - Floor Plan

Attachment C. - Need 3 - Service Area Map

Attachment C. - Need 4.A. - Service Area Demographics

Attachment C. - Economic Feasibility 1 - Cost Letter

Attachment C. - Economic Feasibility 2 - Bond Resolution

Attachment C. - Economic Feasibility 10 - Financial Statements

Attachment C. - Orderly Development 7(c) - License

Attachment C. - Orderly Development 7(d) - Survey

Attachment A.4

Corporate Organization Chart

Overton County Nursing Home

Attachment B.III.(A)

Plot Plan

Livingston, Tennessee

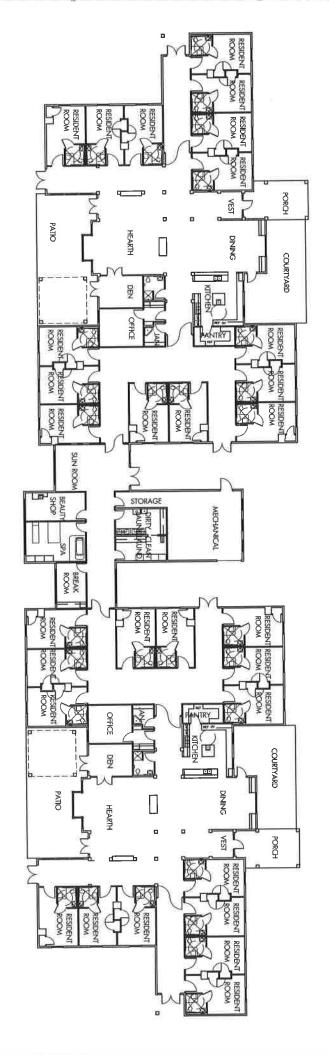
BRADFORD HICKS DRIVE (HWY 111)

Schematic Site Plan

SCALE: 1" = 100'-0"

Attachment B.IV

Floor Plan





BUILDING AREA: 19,851 SF

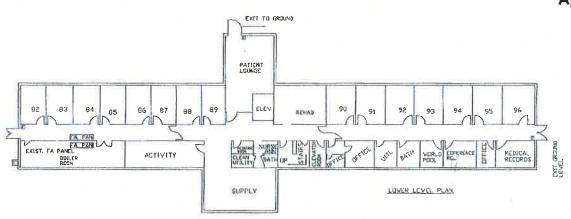
OVERTON COUNTY NURSING HOME

Schematic Floor Plan



SUPPLEMENTAL-#1

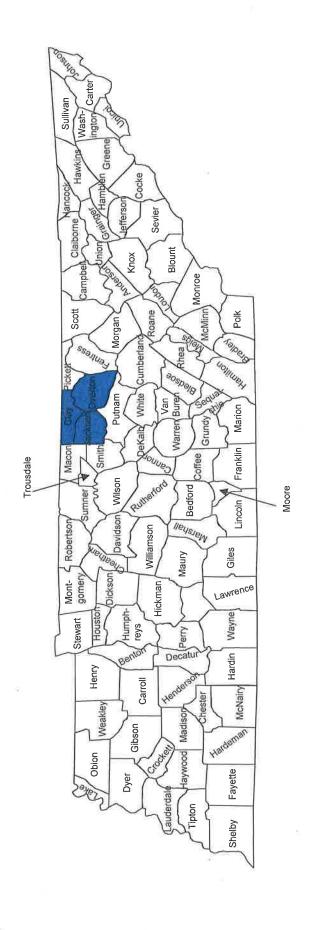
April 25, 2012 03:18 pm





Attachment C. - Need 3

Service Area Map



<u>Attachment C. – Economic Feasibility 1</u>

Cost Letter

SUPPLEMENTAL-#1

April 30, 2012 11:52 am



YOUR VISION OUR PASSION

Friday, April 20, 2012

Ms. Melanie Hill Executive Director Tennessee Health Services and Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Re: Overton County Nursing Home

Dear Ms. Hill:

The new facility for the Overton County Nursing Home will be a 19,851 square foot non-combustible and fully sprinklered building that will accommodate thirty (30) residents in two 15-bed wings. The building will consist of a steel structure and framing with non-combustible cementitious siding and natural stone accents. The building will be constructed of commercial quality materials but will be designed in a familiar residential style. Each wing will have it's own living room space with hearth, dining, kitchen, den, and secure outdoor spaces and will share laundry, spa, beauty shop, and sunroom facilities. Each resident will have a 257 square foot private room that includes a private toilet, shower, and closet.

To the best of our knowledge, the design intended for the construction of the above referenced facility shall be in accordance with all applicable State and Local codes and standards as outlined below. This listing may not be entirely inclusive, but our intent is for all to be addressed during the design process.

Codes and Standards

State:

- 1. International Building Code-2006 ED.
- 2. International Mechanical Code-2006 ED.
- 3. International Plumbing Code- 2006 ED.
- 4. International Gas Code-2006 ED.
- 5. International Fire Protection Code- 2006 ED.
- 6. National Electric Code- 2008 ED.
- 7. NFPA 101, Life Safety Code- 2006 ED.
- 8. NFPA Codes (all volumes)- Current ED.
- 9. "Guidelines For Construction and Equipment of Hospital and Medical Facilities"- 2000 ED.
- 10. Tennessee Department of Health Standards for Nursing Homes
- Architectural and Engineering Guidelines for Submission approval and inspection of Occupancies Licensed by The Department of Health, TDOH office of Health Licensure and Regulations
- 12. U.L. Building Fire Resistant Directory- Most current ED.
- 13. U.L. Building Materials Directory- Most current ED.
- 14. International Energy Conservation Code- 2006 ED.
- AIA Guidelines for Design and Construction of Hospitals and Healthcare Facilities, 2006 Edition
- 16, 2002 North Carolina Accessibility Code with 2004 Amendments

Liver Service and Device English Service (Protor Services (Protor Services)



April 30, 2012 11:52 am

Federal:

1. The Americans with Disabilities (ADA), Accessibility Guidelines for Buildings and Facilities

The proposed construction cost of \$4,590,000 listed in the Square Footage and Cost per Square Footage Chart included in the Certificate of Need application for the Overton County Nursing Home was based on cost per square foot numbers developed by the Lewis Group Architects. The Lewis Group has extensive experience in the design and construction of health care facilities. Based on our most recent Nursing Home projects, we consider these costs to be reasonable and realistic for a fully sprinkled noncombustible facility of this type and the given site conditions.

The construction of an expanded nursing home facility campus will better meet the evolving needs and expectations of Overton County communities.

Sincerely

/. Lewis, AIA

Principal

<u>Attachment C. – Economic Feasibility 2</u>

Bond Resolution

April 30, 2012



Giving • Sharing • Smiling
Caring for your loved one, one day at a time
318 Bilbrey Street * Livingston, TN 38570 * 931-823-6403 * Fax 931-823-7836

April 26, 2012

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
500 Deaderick Street
Suite 850
Nashville, TN 37243

Dear Ms. Hill:

The purpose of this letter is to explain the difference in the cost of the project and the amount of the bond issued to finance the project. Overton County will issue a General Obligation Bond in the amount of \$4,124,968.37 to be used toward the construction cost of the project. The Bonds were sold on April 24, 2012, and will be closed on May 9, 2012. The facility has adequate cash reserves to pay the remaining cost of \$2,219,875.63. If you have any further questions please do not hesitate to contact me.

Sincerely,

Jennifer Bouldin Administrator

SUPPLEMENTAL-#1

April 25, 2012 03:18 pm

Jackson T. Stephens, 1923-2005 Chairman Emeritus in Perpetuity

April 19, 2012

Jennifer Bouldin Administrator Overton County Nursing Home 318 Bilbrey Street Livingston, TN 38570

Dear Ms. Bouldin,

Please find attached the offering documents for the County's planned bond issuance in the amount of \$4,150,000 to finance a portion of the Overton County Nursing Home facilities. The bonds are being issued under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101, et.seq., Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of Overton County Commissioners on February 13, 2012.

Stephens Inc. has been contracted by the County to perform professional services In the capacity of financial advisor. The County plans to accept bids from underwriters to secure the nursing home financing, in accordance with state law requirements, on April 24, 2012 at 10:00 a.m. CDT. The County Mayor reserves the right to waive any irregularity or informality in any bid, and to reject any or all bids, and notice of rejection of any bid will be made promptly. Unless all bids are rejected, award of the Bonds will be made by the County Mayor on April 24, 2012.

We look forward to a successful sale of the bonds on April 24. Thank you for your assistance in regard to this matter.

Johley M. Brull

Ashley McAnulty Vice President

AUGULUTION #2012-0213-03

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS OF OVERTON COUNTY, TENNESSEE IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FOUR MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS (\$4,150,000), IN ONE OR MORE SERIES; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

WHEREAS, pursuant to Sections 9-21-101, et seq., inclusive, Tennessee Code Annotated, as amended, counties in Tennessee are authorized through their respective governing bodies to issue and sell bonds of said counties to finance public works projects; and

WHEREAS, the Board of County Commissioners of the Overton County, Tennessee (the "County") hereby determines that it is necessary and advisable to issue not to exceed \$4,150,000 in aggregate principal amount of general obligation bonds, in one or more emissions, for the purpose of providing funds for (i) land acquisition, design and site development for and the construction and equipping of a nursing home facility of the County; (ii) legal, fiscal, administrative, architectural and engineering costs incident to the foregoing; (iii) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs; and (iv) payment of costs incident to the issuance and sale of the bonds authorized herein; and

WHEREAS, it is the intention of the Board of Commissioners of the County to adopt this resolution for the purpose of authorizing not to exceed \$4,150,000 in aggregate principal amount of said bonds, providing for the issuance, sale and payment of said bonds, establishing the terms thereof, and the disposition of proceeds therefrom, providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon, and providing for the issuance of said bonds in one or more series; and

WHEREAS, the Board of County Commissioners of the County did adopt on the date hereof, an initial resolution (the "Initial Resolution") authorizing the issuance of not to exceed \$4,150,000 for the purposes of described above; and

WHEREAS, the Initial Resolution, together with the notice required by Section 9-21-206, Tennessee Code Annotated, as amended, will be published, as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Overton County, Tennessee, as follows:

Authority. The bonds authorized by this resolution are issued pursuant to Section 1. Sections 9-21-101, et seq, Tennessee Code Annotated, as amended, and other applicable provisions of

- <u>Definitions</u>. The following terms shall have the following meanings in this Section 2. resolution unless the text expressly or by necessary implication requires otherwise:
- "Bonds" means the not to exceed \$4,150,000 General Obligation Public Improvement Bonds of the County, to be dated their date of issuance, and having such series designation or such other dated date as shall be determined by the County Mayor pursuant to Section 7 hereof;

- (b) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificate of bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the County or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those bonds;
 - (c) "County" means Overton County, Tennessee;
- (d) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;
- (e) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;
- (f) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System;
 - (g) "Facility" means the nursing home facility of the County;
 - (h) "Financial Advisor" means Stephens Inc.;
 - (i) "Governing Body" means the Board of County Commissioners of the County;
- (j) "Projects" means (i) land acquisition, design and site development for and the construction and equipping of a nursing home facility of the County; and (ii) legal, fiscal, administrative, architectural and engineering costs incident to the foregoing; and
- (k) "Registration Agent" means the registration and paying agent appointed by the County Mayor pursuant to Section 3 hereof, or any successor designated by the Governing Body; and

Section 3. Authorization and Terms of the Bonds.

For the purpose of providing funds to finance, in whole, or in part, (i) the cost of the (a) Projects and costs incident thereto; (ii) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs; and (iii) payment of costs incident to the issuance and sale of the Bonds, there is hereby authorized to be issued bonds, in one or more emissions, of the County in the aggregate principal amount of not to exceed \$4,150,000. The Bonds shall be issued in one or more emissions, in fully registered, book-entry form (except as otherwise set forth herein), without coupons, and subject to the adjustments permitted under Section 7, shall be known as "General Obligation Public Improvement Bonds", shall be dated their date of issuance, and shall have such series designation or such other dated date as shall be determined by the County Mayor pursuant to Section 7 hereof. The Bonds shall bear interest at a rate or rates not to exceed the maximum rate permitted by applicable Tennessee law at the time of issuance of the Bonds, or any emission thereof, payable (subject to the adjustments permitted under Section 7) semi-annually on April 1 and October 1 in each year, commencing October 1, 2012. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser thereof. Subject to the adjustments permitted pursuant to Section 7 hereof, the Bonds, shall mature serially or be subject to mandatory redemption and shall be payable on April 1 of each year, subject to prior optional redemption as hereinafter provided, either serially or

through mandatory redemption, in the years 2013 through 2023, inclusive. The weighted average life of any emission of the Bonds shall not exceed eleven years.

(b) Subject to the adjustments permitted under Section 7 hereof, Bonds maturing on or before April 1, 2022 shall mature without option of redemption and Bonds maturing on April 1, 2023 and thereafter, shall be subject to redemption prior to maturity at the option of the County on April 1, 2022 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

- (i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or
- (ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.
- maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the County Mayor. In the event any or all the Bonds are sold as Term Bonds, the County shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to Section 7 hereof for each redemption date, as such maturity amounts may be adjusted pursuant to Section 7 hereof, at a price of par plus accrued interest thereon to the date of redemption. The Term Bonds to be redeemed within a single maturity shall be selected in the manner described in subsection (b) above.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the County on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The County shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

- Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the County not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.
- (e) The Governing Body hereby authorizes and directs the County Mayor to appoint the Registration Agent for the Bonds and hereby authorizes the Registration Agent so appointed to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the County at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the County at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The County Mayor is hereby authorized to execute and the County Clerk is hereby authorized to attest such written agreement between the County and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.
- The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the County in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the

Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

- Any interest on any Bond that is payable but is not punctually paid or duly provided for (g) on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the County to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the County shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the County shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the County to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.
- The Bonds are transferable only by presentation to the Registration Agent by the (h) registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or the Bond to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the County to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the County nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.
- (i) The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the County with the manual or facsimile signature of the County Mayor and

with the official seal, or a facsimile thereof, of the County impressed or imprinted thereon and attested by the manual or facsimile signature of the County Clerk or his designee.

(j) Except as otherwise provided in this resolution, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Bonds from the County and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The County and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds, or (2) the County determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, then the County shall discontinue the Book-Entry System with DTC or, upon request of such original purchaser, deliver the Bonds to the original purchaser in the form of fully registered Bonds, as the case may be. If the County fails to identify another qualified securities depository to replace DTC, the County shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. If the purchaser(s) certifies that it intends to hold the Bonds for its own account, then the County may issue certificated Bonds without the utilization of DTC and the Book-Entry System.

THE COUNTY AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF

THE PRINCIPAL OF AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

- (k) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.
- (I) The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the original purchaser, upon receipt by the County of the proceeds of the sale thereof and to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Bond form.
- (m) In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the County, in its discretion, shall issue, and the Registration Agent, upon written direction from the County, shall authenticate and deliver, a new Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Bond, or in lieu of and in substitution for such lost, stolen or destroyed Bond, or if any such Bond shall have matured or shall be about to mature, instead of issuing a substituted Bond the County may pay or authorize payment of such Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the County and the Registration Agent of the destruction, theft or loss of such Bond, and indemnity satisfactory to the County and the Registration Agent; and the County may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the County for the expense incurred by it in the issue thereof.
- Section 4. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. The Bonds shall be additionally payable from, although not secured by, revenues of the Facility. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County are hereby irrevocably pledged.
- Section 5. Form of Bonds. The Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Bonds are prepared and delivered:

RESOLUTION #2012-0213-02

INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED FOUR MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS (\$4,150,000) GENERAL OBLIGATION BONDS OF OVERTON COUNTY, TENNESSEE

BE IT RESOLVED by the Board of County Commissioners of Overton County, Tennessee (the "County") that for the purpose of financing, in whole or in part, (i) land acquisition, design and site development for and the construction and equipping of a nursing home facility (the "Facility") of the County; (ii) legal, fiscal, administrative, architectural and engineering costs incident to the foregoing; (iii) reimbursement to the County for funds previously expended for any of the foregoing; and (iv) payment of costs incident to the issuance and sale of the bonds authorized herein, there shall be issued general obligation bonds, in one or more emissions, of said County in the aggregate principal amount of not to exceed \$4,150,000, which shall bear interest at a rate or rates not to exceed the maximum interest rate as permitted by applicable Tennessee law and which shall be payable unlimited ad valorem taxes to be levied on all taxable property within the County. The bonds authorized herein shall be additionally payable from, although not secured by, revenues of the Facility.

BE IT FURTHER RESOLVED by the Board of Commissioners of Overton County, Tennessee that the County Clerk of the County be, and is, hereby directed and instructed to cause the foregoing initial resolution relative to the issuance of not to exceed \$4,000,000 general obligation bonds to be published in full in a newspaper having a general circulation in the County, for one issue of said paper followed by the statutory notice, to-wit:

NOTICE

The foregoing resolution has been adopted. Unless within twenty (20) days from the date of publication hereof a petition signed by at least ten percent (10%) of the registered voters of the County shall have been filed with the County Clerk of the County protesting the issuance of the bonds, such bonds will be issued as proposed.

Hugh Ogletree, Jr., County Clerk

Adopted and approved this 13th day of February, 2012.

Ron Cyrus, County Executive

ATTEST:

Hugh Ogletree, Jr., County Clerk

SEAL SEAL FENNESSEL

STATE OF TENNESSEE COUNTY OF OVERTON

I, Hugh Ogletree, Jr., certify that I am the duly qualified and acting County Clerk of Overton County, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the County held on February 13, 2012; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to not to exceed \$4,150,000 general obligation bonds of said Municipality.

WITNESS my official signature and seal of said Municipality on this the 13 day of February, 2012.

(SEAL)



<u>Attachment C. – Economic Feasibility 10</u>

Financial Statements

Balance Sheet as of 2/29/12

Overton County Nursing Home (OC)

Account	Description	Amount	
1000	ASSETS		
1001	CURRENT ASSETS		
1002	CASH		
1015	CASH IN BANK-OPERATING ACCOUNT	1,268,447.66	
1025	CASH IN BANK-PAYROLL ACCOUNT	101,406.92	
1035	CASH IN BANK-CD	2,417,804.90	
1050	PETTY CASH	199.00	
1065	CASH PATIENT TRUST FUNDS	26,928.86	
		3,814,787.34	
1100	NOTES & ACCOUNTS RECEIVABLE		
1110	ACCTS REC - PRIVATE	94,908.57	
1115	ACCTS REC-PRIVATE WAIVER ANCILLARY	777.95	
1120	ACCTS REC - MEDICAID	266,345.30	
1122	ACCTS REC - SKILLED MEDICAID	48,734.97	
1130	ACCTS REC - VA	63,530.43	
1140	ACCTS REC - HOSPICE	60,612.25	
1142	ACCTS REC - INSURANCE PER DIEM	71,046.08	
1143	ACCTS REC - INSURANCE COMMERCIAL	6,746.03	
1145	ACCTS REC-TENNCARE WAIVER	10,902.84	
1146	ACCTS REC - OPTIONS PROGRAM	2,171.13	
1160	ACCTS REC - MEDICARE PART A	355,408.67	
1161	ACCTS REC - CROSSOVER PART A	59,932.18	
1163	ACCTS REC - 3RD PARTY INS. PART A	52,398.30	
1170	ACCTS REC - MEDICARE PART B	123,756.10	
1171	ACCTS REC - CROSSOVER PART B	19,643.03	
1173	ACCTS REC - 3RD PARTY INS. PART B	9,098.00	
1179	ACCTS REC - MEDICARE COST REPORT	145,958.00	
1180	ACCTS REC - EMPLOYEES	(76.00)	
1191	INTEREST RECEIVABLE	12,182.00	
1195	ALLOWANCE FOR UNCOLLECTABLE	(73,335.00) 1,655.77	
1198	PATIENT REFUND CLEARING ACCOUNT	1,332,396.60	
		1,002,000.00	
1300	PREPAID EXPENSES	1,000.00	
1310	PREPAID INSURANCE	1,000.00	
	Tatal CURRENT ACCETS	5,148,1	R3 94
	Total CURRENT ASSETS	0,140,1	30.04
1500	NON-CURRENT ASSETS	<u>\$</u>]	
1700	PROPERTY PLANT & EQUIPMENT		
1705	LAND	184,201.00	
1706	LAND IMPROVEMENTS	12,773.00	
1710	BUILDING & IMPROVEMENTS	3,000,800.39	
1711	FURNITURE AND FIXTURES	417,111.31	
1714	PAVING	69,389.95	
1715	DEPARTMENTAL EQUIPMENT	817,907.74	
1716	FENCE AND RECREATION	20,545.00	
1720	MOTOR VEHICLES	70,369.00	
1725	CONSTRUCTION IN PROGRESS	50,597.44	
1750	ACCUMULATED DEPRECIATION	(2,980,479.18)	
		1,663,215.65	

Balance Sheet as of 2/29/12

Overton County Nursing Home (OC)

Aco	count	Description	2012 HPR 13	PM 121 Mount	
		Total NON-CURRENT ASSETS	SGIS HAW TO		1,663,215.65
		Total ASSETS		· _	\$6,811,399.59
200	00	LIABILITIES & EQUITY			
200	01	CURRENT LIABILITIES			
200	02	NOTES & ACCOUNTS PAYABLE			
202	20	ACCOUNTS PAYABLE-TRADE		174,726.59	
202	21	ACCOUNTS PAYABLE-OTHER		28,070.42	
202	22	ACCOUNTS PAYABLE- ACTIVITIES FUND	RAISER	56.54	
203	35	CAPITALIZED LEASE PAYABLE		6,263.94	
20	55	EMPLOYEE VISION		(125.37)	
20	56	EMPLOYEE LIFE (CINCY LIFE) 2		(18.42)	
20	57	EMPLOYEE RETIREMENT WITHHELD		(496.14)	
20	58	EMPLOYEE DEDUCTIONS-LIFE INSURAN	ICE	(1,594.24)	
20	59	EMPLOYEE DEDUCTIONS-CANCER INS		(2,200.49)	
206		EMPLOYEE DEDUCTION-STD		(8,095.92)	
200		EMPLOYEE DEDUCTION-TAXABLE AFLA	С	(97.84)	
200		EMPLOYEE DEDUCTIONS-AFLAC		(24.19)	
200		EMPLOYEE DEDUCTIONS-GARNISHMEN	ITS	(1,119.06)	
20		EMPLOYEE DEDUCTIONS-CHRISTMAS ((43.75)	
20		EMPLOYEE DEDUCTIONS-ACCIDENT IN		(2,231.54)	
20		EMPLOYEE DEDUCTIONS-BANKRUPTCY		607.25	
20	. –	EMPLOYEE DEDUCTIONS-IRS LEVY		285.31	
20		EMPLOYEE DEDUCTION-INSURANCE W.	HELD	2,299.50	
20		PATIENT TRUST FUNDS LIABILITY		26,928.86	
20	75	PATIENT TROST FUNDS LIABILITY		223,191.45	
0.4	00	ACCOURD LIABILITIES			
21 0		ACCRUED LIABILITIES ACCRUED SALARIES & WAGES		116,651.13	
				(6,868.75)	
21		FEDERAL INCOME TAX WITHHELD		3,677.52	
	30	FICA TAXES PAYABLE		14,038.44	
	32	SUTA TAXES PAYABLE		114,896.32	
21	56	ACCRUED VACATION/HOLIDAY PAY		242,394.66	
		Total CURRENT LIABILITIES			465,586.11
	500	EQUITY		0.007.000.04	
25		Retained Earnings		2,997,963.94	
	502	Current Earnings		699,957.07	
25	530	FUND BALANCE		2,634,390.07	6,332,311.08
		Total EQUITY		_	
		Total LIABILITIES & EQUITY		-:	\$6,797,897.19

Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account		YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPE Budge
				30	00 Revenue						
3,267	3,480	213		30	01 Patient Revenue	Days	29,731	29,280	451		
186	145	41		31	00 PRIVATE PAY	Days	1,623	1,220	403		
31,803	23,635	8,168	170,98		1 ROUTINE SERVICES - PVT	22,0	273,939	198,860	75,079	168,79	163.00
253	218	36	1,36		3 MEDICAL SUPPLIES - PVT		2,954	1,830	1,124	1,82	1.50
25	57	31 *	0.13		05 OXYGEN - PVT		57	476	419	0,03	0.39
52		52	0,28		07 LABORATORY - PVT		52		52	0,03	
	87	87 *		0,60 31	9 PHYSICAL THERAPY - PVT		945	732	213	0,58	0.60
	87	87*		0.60 31	10 SPEECH THERAPY - PVT			732	732 *		0,60
	44	44 *		0,30 31	11 OCCUPATIONAL THERAPY -	PVT	975	366	609	0,60	0.30
	397	397*		2,74 31	15 EQUIPMENT RENTAL - PVT		414	3,343	2,929	0.26	2.74
	1	1*		0.01 31	40 OTHER SERVICES - PVT			12	12		0,01
(330)	(673)	343	(1.78)	(4.64) 31	47 CONTR ADJ - ANCILLARY - I	PRI	(3,476)	(5,661)	2,184	(2.14)	(4.64
				31	48 PRIOR YEAR REVENUE-PRI	/ATE	59		59	0.04	
31,803	23,853	7,951	170.98	164.50 To	tal PRIVATE PAY		275,918	200,690	75,228	170.00	164.50
	,										
205	145	60		32	00 HOSPICE	Days	1,880	1,220	660		
35,470	23,635	11,835	173.02	163,00 32	01 ROUTINE SERVICES-HOSPI	E	287,384	198,860	88,524	152.86	163.00
91	290	199 *	0.45		03 MEDICAL SUPPLIES - HOS		866	2,440	1.574 *	0,46	2.00
	58	58 *			06 HOSPICE-LAB			488	488 *		0.40
107	348	241 *	0,03		07 HOSPICE-EQUIPMENT RENT	AL	2,709	2,928	219 *	0.09	0_10
					08 Hospice-Speech Therapy		150		150	0.01	
(198)	(363)	164	(0.97)		46 HOSPICE-CONT ADJ ANCILL	ARIES	(3,725)	(3,050)	675 *	(1,98)	(2,50
(3,476)	(1,005)	2,471 *	(16.95)		47 Cont Adj Room-Hos		(20,468)	(2,309)	18,159 *	(10.89)	(1.89
					50 HOSPICE SKILLED ROUTINE		38,016		38,016		
					51 Medical supplies HOS Skilled		918		918		
					53 Hos Skilled Equip Rent		922		922		
					56 Cont adj ancillaries HOS Skille	d	(1,840)		1,840 ° 1,420		
					57 Cont AdJ Room HOS Skilled		1,420				
31,994	22,964	9,031	156 07	158,37 To	tal HOSPICE		306,352	199,357	106,995	162 95	163.41
1,846	2,146	300 "		33	00 MEDICAID FACILITY	Days	17,556	18,056	500 *		
314,206	349,798	35,592 *	170.21	163.00 33	01 ROUTINE SERVICES - MED		2,998,737	2,943,128	55,609	170.81	163.00
2,540	2,661	121 *	1,38	1.24 33	03 MEDICAL SUPPLIES - MED		25,671	22,389	3,281	1,46	1.24
42	343	302*	0.02	0.16 33	05 OXYGEN - MED		600	2,889	2,289 *	0.03	0.16
	322	322 *		0.15 33	09 PHYSICAL THERAPY - MED		12,177	2,708	9,469	0,69	0.15
	322	322*		0.15 33	10 SPEECH THERAPY - MED		1,275	2,708	1,433 *	0,07	0.15
					11 OCCUPATIONAL THERAPY -	MED	6,800	1,444	5,356	0.39	0.08
	172	172 *		0.08 33	11 OCCUPATIONAL THERAPT	MICD	0,000				
1,450	172 1,610	172° 159°	0.79		15 EQUIPMENT RENTAL - MED	MICD	6,224	13,542	7.318	0.35	0.75
1,450 (27,505)			0.79 (14.90)	0,75 33					7,318 * 135,736 *	0.35 (9.68)	
	1,610	159*		0,75 33 (6.93) 33	15 EQUIPMENT RENTAL - MED	MED	6,224	13,542			0.75 (1.89 (2.53
(27,505)	1,610 (14,872)	159 <i>*</i> 12,634 <i>*</i>	(14.90)	0.75 33 (6.93) 33 (2.53) 33	15 EQUIPMENT RENTAL - MED 46 CONTRACTUAL ADJ-ROOM	· MED ARY - MED	6,224 (169,909)	13,542 (34,173)	135,736 *	(9.68)	(1.89
(27,505)	1,610 (14,872)	159 <i>*</i> 12,634 <i>*</i>	(14.90)	0.75 33 (6.93) 33 (2.53) 33	15 EQUIPMENT RENTAL - MED 46 CONTRACTUAL ADJ-ROOM 47 CONTRACTUAL ADJ-ANCILL	· MED ARY - MED	6,224 (169,909) (52,747)	13,542 (34,173)	135,736 * 7,065 *	(9.68) (3.00)	(1.89 (2.53
(27,505) (4,031) 286,701	1,610 (14,872) (5,429) 334,926	159 * 12,634 * 1,398	(14.90) (2.18)	0.75 33 (6.93) 33 (2.53) 33 33 156.07 To	15 EQUIPMENT RENTAL - MED 46 CONTRACTUAL ADJ-ROOM 47 CONTRACTUAL ADJ-ANCILL 48 PRIOR YEAR REVENUE-MEI 48 MEDICAID FACILITY	· MED ARY - MED DICAID	6,224 (169,909) (52,747) 458 2,829,266	13,542 (34,173) (45,682) 2,908,955	135,736 * 7,065 * 458	(9.68) (3.00) 0.03	(1.89 (2.53
(27,505) (4,031) 286,701	1,610 (14,872) (5,429) 334,926	159 * 12,634 * 1,398 48,226 * 65 *	(14.90) (2.18)	0.75 33 (6.93) 33 (2.53) 33 156.07 To	15 EQUIPMENT RENTAL - MED 46 CONTRACTUAL ADJ-ROOM 47 CONTRACTUAL ADJ-ANCILL 48 PRIOR YEAR REVENUE-MEI 48 MEDICAID FACILITY 500 SKILLED MEDICAID	- MED ARY - MED DICAID Days	6,224 (169,909) (52,747) 458 2,829,286	13,542 (34,173) (45,682) 2,908,955 3,660	135,736 * 7,065 * 458	(9.68) (3.00) 0.03 161.16	(1.89 (2.53 161.11
(27,505) (4,031) 286,701 370 65,860	1,610 (14,872) (5,429) 334,926 435 77,430	159 * 12,634 * 1,398 48,226 * 48,726 * 11,570 *	(14.90) (2.18) 155.31	0,75 33 (6,93) 33 (2,53) 33 (2,53) 34 178.00 34	15 EQUIPMENT RENTAL - MED 46 CONTRACTUAL ADJ-ROOM 47 CONTRACTUAL ADJ-ANCILL 48 PRIOR YEAR REVENUE-MEI 18I MEDICAID FACILITY 900 SKILLED MEDICAID 11 ROUTINE SERVICES - SKILL	MED ARY - MED DICAID Days ED MEDICAII	6,224 (169,909) (52,747) 458 2,829,266 4,005 712,890	13,542 (34,173) (45,682) 2,908,955 3,660 651,480	7,065 · 458 79,666 · 458 79,666 · 4458	(9.68) (3.00) 0.03 161,16	(1.89 (2.53 161.1 ¹
(27,505) (4,031) 286,701	1,610 (14,872) (5,429) 334,926 435 77,430 2,936	159 ° 12,634 ° 1,398 48,226 ° 65 ° 11,570 ° 664 °	(14.90) (2.18)	0.75 33 (6.93) 33 (2.53) 33 33 33 34 35 36 36 36 36 36 36 36 36 36 36 36 36 36	15 EQUIPMENT RENTAL - MED 46 CONTRACTUAL ADJ-ROOM 47 CONTRACTUAL ADJ-ANCILL 48 PRIOR YEAR REVENUE-MEI 18I MEDICAID FACILITY 100 SKILLED MEDICAID 101 ROUTINE SERVICES - SKILL 103 MEDICAL SUPPLIES - SKILL	MED ARY - MED DICAID Days ED MEDICAII	6,224 (169,909) (52,747) 458 2,829,286	13,542 (34,173) (45,682) 2,908,955 3,660 651,480 24,705	7,065 · 458 79,666 · 458 79,666 · 458 79,666 · 458	(9.68) (3.00) 0.03 161.16	(1.89 (2.53 161.1) 178.00 6.78
(27,505) (4,031) 286,701 370 65,860 2,272	1,610 (14,872) (5,429) 334,926 435 77,430 2,936 109	159 ° 12,634 ° 1,398 48,226 ° 65 ° 11,570 ° 664 ° 109 °	(14.90) (2.18) 155.31 178.00 6.14	0.75 33 (6.93) 33 (2.53) 33 33 33 34 35 36 36 36 36 36 36 36 36 36 36 36 36 36	15 EQUIPMENT RENTAL - MED 46 CONTRACTUAL ADJ-ROOM 47 CONTRACTUAL ADJ-ANCILL 48 PRIOR YEAR REVENUE-MEI 18I MEDICAID FACILITY 900 SKILLED MEDICAID 11 ROUTINE SERVICES - SKILL	Days ED MCD	6,224 (169,909) (52,747) 458 2,829,266 4,005 712,890 29,082	13,542 (34,173) (45,682) 2,908,955 3,660 651,480 24,705 915	7,065 · 458 79,668 ·	(9.68) (3.00) 0.03 161,16	(1.88) (2.55) 161.1: 178.00 6.73
(27,505) (4,031) 286,701 370 65,860 2,272	1,610 (14,872) (5,429) 334,926 435 77,430 2,936	159 ° 12,634 ° 1,398 48,226 ° 65 ° 11,570 ° 664 °	(14.90) (2.18) 155.31	0.75 33 (6.93) 33 (2.53) 33 (2.53) 33 (2.53) 34 (2.53) 35 (2.53) 36 (2.53) 37 (2.53) 3	15 EQUIPMENT RENTAL - MED 46 CONTRACTUAL ADJ-ROOM 47 CONTRACTUAL ADJ-ANCILL 48 PRIOR YEAR REVENUE-MEI 161 MEDICAID FACILITY 160 SKILLED MEDICAID 17 ROUTINE SERVICES - SKILL 17 MEDICAL SUPPLIES - SKILL 18 OXYGEN - SKILLED MCD	Days ED MCD ED MCD	6,224 (169,909) (52,747) 458 2,829,266 4,005 712,890	13,542 (34,173) (45,682) 2,908,955 3,660 651,480 24,705	7,065 · 458 79,666 · 458 79,666 · 458 79,666 · 458	(9.68) (3.00) 0.03 161,16 178.00 7,26	(1.84) (2.53) 161.1 178.0 6.7 0.2 9.2
(27,505) (4,031) 286,701 370 65,860 2,272 855 1,540	1,610 (14,872) (5,429) 334,926 435 77,430 2,936 109 4,024 979	159 ° 12,634 ° 1,398 48,226 ° 65 ° 11,570 ° 664 ° 109 ° 3,169 °	(14.90) (2.18) 155.31 178.00 6.14	0.75 33 (6.93) 33 (2.53) 33 (2.53) 33 (2.53) 34 (2.53) 35 (2.53) 34 (2.53) 35 (2.53) 3	15 EQUIPMENT RENTAL - MED 46 CONTRACTUAL ADJ-ROOM 47 CONTRACTUAL ADJ-ANCILL 48 PRIOR YEAR REVENUE-MEI tal MEDICAID FACILITY 100 SKILLED MEDICAID 101 ROUTINE SERVICES - SKILL 103 MEDICAL SUPPLIES - SKILL 105 OXYGEN - SKILLED MCD 109 PHYSICAL THERAPY - SKILL	Days ED MEDICAII ED MCD D MCD	6,224 (169,909) (52,747) 458 2,829,266 4,005 712,890 29,082	13,542 (34,173) (45,682) 2,908,955 3,660 651,480 24,705 915 33,855	7,065 * 458	(9.68) (3.00) 0.03 161,16 178.00 7.26	(1.88) (2.53) 181.1 178.0(6.74) 0.24 9.2(2.23)
(27,505) (4,031) 286,701 370 65,860 2,272 855 1,540 1,305	1,610 (14,872) (5,429) 334,926 435 77,430 2,936 109 4,024 979 1,740	159 ° 12,634 ° 1,398 48,226 ° 65 ° 11,670 ° 664 ° 109 ° 3,169 ° 561 435 °	(14.90) (2.18) 155.31 178.00 6.14 2.31 4.16 3.53	0.75 33 (6.93) 33 (2.53) 33 (2.53) 33 (2.53) 34 (2.53) 35 (2.53) 34 (2.53) 34 (2.53) 34 (2.53) 35 (2.53) 3	15 EQUIPMENT RENTAL - MED 46 CONTRACTUAL ADJ-ROOM 47 CONTRACTUAL ADJ-ANCILL 48 PRIOR YEAR REVENUE-MEI tial MEDICAID FACILITY 100 SKILLED MEDICAID 101 ROUTINE SERVICES - SKILL 103 MEDICAL SUPPLIES - SKILL 105 OXYGEN - SKILLED MCD 109 PHYSICAL THERAPY - SKILL 10 SPEECH THERAPY - SKILL	Days ED MEDICAII ED MCD BMCD SKILLED MC	6,224 (169,909) (52,747) 458 2,829,266 4,005 712,890 29,082 11,963 3,280	13,542 (34,173) (45,682) 2,908,955 3,660 651,480 24,705 915 33,855 8,235	7,065 · 458 79,668 · 345 81,410 4,377 915 · 21,892 · 4,956 ·	(9.68) (3.00) 0.03 161,16 178,00 7,26 2,99 0.82	(1.89 (2.53 161.11
(27,505) (4,031) 286,701 370 65,860 2,272 855 1,540 1,305 310	1,610 (14,872) (5,429) 334,926 435 77,430 2,936 109 4,024 979 1,740 1,740	159 ° 12,634 ° 1,398 48,226 ° 48,226 ° 11,570 ° 664 ° 109 ° 3,169 ° 561	(14.90) (2.18) 155.31 178.00 6.14 2.31 4.16	0.75 33 (6.93) 33 (2.53) 33 (2.53) 33 (2.53) 34 (2.53) 3	15 EQUIPMENT RENTAL - MED 46 CONTRACTUAL ADJ-ROOM 47 CONTRACTUAL ADJ-ANCILL 48 PRIOR YEAR REVENUE-MEI tial MEDICAID FACILITY 100 SKILLED MEDICAID 11 ROUTINE SERVICES - SKILL 10 MEDICAL SUPPLIES - SKILL 10 OXYGEN - SKILLED MCD 10 PHYSICAL THERAPY - SKILL 11 OCCUPATIONAL THERAPY -	Days ED MEDICAII ED MCD BKILLED MCD	6,224 (169,909) (52,747) 458 2,829,266 4,005 712,890 29,082 11,963 3,280 8,127	13,542 (34,173) (45,682) 2,908,955 3,660 651,480 24,705 915 33,855 8,235 14,640	135,736 * 7,065 * 458	(9.68) (3.00) 0.03 161.16 178.00 7.26 2.99 0.82 2.03	(1.86 (2.53 181.1) 178.00 6.74 0.24 9.24 4.00
(27,505) (4,031) 286,701 370 65,860 2,272 855 1,540 1,305	1,610 (14,872) (5,429) 334,926 435 77,430 2,936 109 4,024 979 1,740	159 ° 12,634 ° 1,398 48,226 ° 65 ° 11,670 ° 664 ° 109 ° 3,169 ° 561 ° 435 ° 1,430 °	(14.90) (2.18) 155.31 178.00 6.14 2.31 4.16 3.63 0.84	0.75 33 (6.93) 33 (2.53) 33 (2.53) 33 (2.53) 34 (2.53) 3	15 EQUIPMENT RENTAL - MED 46 CONTRACTUAL ADJ-ROOM 47 CONTRACTUAL ADJ-ANCILL 48 PRIOR YEAR REVENUE-MEI tal MEDICAID FACILITY 100 SKILLED MEDICAID 101 ROUTINE SERVICES - SKILL 103 MEDICAL SUPPLIES - SKILL 105 OXYGEN - SKILLED MCD 109 PHYSICAL THERAPY - SKILL 110 SPEECH THERAPY - SKILL 111 OCCUPATIONAL THERAPY - 115 EQUIPMENT RENTAL - SKILL	Days ED MEDICAII ED MCD D MCD SKILLED MC SKILLED MC	6,224 (169,909) (52,747) 458 2,829,266 4,005 712,890 29,082 11,963 3,280 8,127 2,292	13,542 (34,173) (45,682) 2,908,955 3,660 651,480 24,705 915 33,855 8,235 14,640 14,640	135,736 * 7,065 * 458	(9.68) (3.00) 0.03 161.16 178.00 7.26 2.99 0.82 2.03 0.57	(1.86 (2.53 181.1' 178.00 6.7' 0.2' 9.2' 2.2' 4.00 4.00

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget		Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
125	58	67			3500	VETERANS ADMINISTRATION Days	751	488	263		
9,078	9,454	376 *	72,62	163.00	3501	ROUTINE SERVICES VA LVL 2	77,113	79,544	2,431 *	102.68	163,00
10,595	0,101	10,595	7-10-0			ROUTINE SERVICES VA LVL 1	49,878		49,878		
184	60	124	1.47	1.03		MEDICAL SUPPLIES VA	1,082	503	579	1.44	1.03
	191	191*		3.29	3504	PHARMACY VA	1,321	1,606	284 *	1.76	3.29
29	12	17			3505	OXYGEN VA	60	102	43 *		
	35	35 *		0.60	3506	XRAY VA	1,750	293	1,457	2.33	0.60
	23	23 *		0.40	3507	LAB VA	202	195	7	0.27	0.40
	49	49*		0.85	3508	EQUIP RENTAL VA	433	415	18	0.58	0.85
2,475	870	1,605			3509	PHYSICAL THERAPY VA	27,287	7,320	19,967		
	116	116 *			3510	SPEECH THERAPY VA		976	976 *		
2,310	696	1,614			3511	OCCUPATIONAL THERAPY VA	24,989	5,856	19,133		
1,169	116	1,053	9.35	2.00	3512	OTHER SERVICES-VA	2,996	976	2,020	3.99	2.00
6,836	1,566	5,270	54.68			CONTRACTUAL ADJ ROOM VA	45,433	13,176	32,257	60.50	27.00
(5,328)	(1,977)	3,351 *	(42.62)			CONTRACTUAL ADJ ANCILLARY VA	(57,120)	(16,636)	40,484 *	(76,06)	(34.09)
27,349	11,211	16,138	218,79	193.29	Total	VETERANS ADMINISTRATION	175,426	94,326	81,100	233,59	193,29
492	522	30*			3600	MEDICARE PART A Days	3,622	4,392	770 *		
87,576	92,916	5,340*	178,00	178.00	3601	ROUTINE SERVICES - MCR A	644,716	781,776	137,060 *	178,00	178.00
1,968	1,827	141	4.00	3.50	3603	MEDICAL SUPPLIES - MCR A	12,443	15,372	2,929 *	3,44	3,50
40,052	44,370	4,318 *	81.41	85.00	3604	PHARMACY - MCR A	220,303	373,320	153,017 *	60,82	85,00
81	183	102*	0.16	0.35	3605	OXYGEN - MCR A	410	1,537	1,127 *	0.11	0.35
1,289	2,088	799+	2,62	4.00	3606	XRAY-MCR A	14,270	17,568	3,298 *	3.94	4.00
922	1,305	383 *	1.87			LABORATORY - MCR A	6,841	10,980	4,139 *	1,89	2.50
60,950	49,590	11,360	123.88			PHYSICAL THERAPY	409,673	417,240	7,567 *	113.11	95.00
16,855	3,132	13,723	34.26			SPEECH THERAPY - MCR A	74,375	26,352	48,023	20.53	6.00
54,320	48,024	6,296	110.41			OCCUPATIONAL THERAPY - MCR A	385,597	404,064	18,467	106,46	92.00 2.60
514	1,357	843 *	1.05			EQUIPMENT RENTAL - MCR A	7,092	11,419	4,327 *	1.96 6.24	5.00
1,859	2,610	751 *	3,78			OTHER SERVICES - MCR A	22,593	21,960 768,600	633 51,658	226.47	175.00
108,661	91,350	17,311	220.86			CONTRACTUAL ADJ-ROOM - MCR A	820,258 (1,153,597)	(1,299,812)	146,216	(318,50)	(295.95)
(178,810)	(154,486)	24,324 *	(363.43)	(295,95)		CONTRACTUAL ADJ-ANCILLARIES - MCR PRIOR YEAR REVENUE-MCR A	1,317	(1,289,012)	1,317	0.36	(200.00)
196,237	184,266	11,971	398.86	353.00	Total	MEDICARE PART A	1,466,291	1,550,376	84,085	404.83	353,00
						INDUITABLE COMMERCIAL Pour	294	244	50		
43	29	14			3700					164.69	178.00
7,654	5,162	2,492	178.00			ROUTINE SERVICES - INS	48,419 1,236	43,432 1,220	4,987 16	4.21	5.00
180	145	35	4.19			MEDICAL SUPPLIES - INS	28,999	12,200	16,799	98.64	50.00
3,781	1,450	2,331 29*	87.93			PHARMACY - INS XRAY-INS	20,000	244	244	00.01	1.00
22	29 87	54 *	0.77			LABORATORY - INS	255	732	477 *	0.87	3.00
33	2,175	2,175 *	0-11			PHYSICAL THERAPY - INS	8,137	18,300	10,163 *	27.68	75.00
(1,050)	348	1,398*	(24.42)			SPEECH THERAPY - INS	1,795	2,928	1,133 *	6.11	12.00
(1,000)	1,450	1,450 °	(= 1,12)			OCCUPATIONAL THERAPY - INS	2,280	12,200	9,920 "	7.76	50.00
	377	377*				EQUIPMENT RENTAL-INS		3,172	3,172 *		13.00
10,182	3,422	6,760	236.79	118.00	3746	CONTRACTUAL ADJ-ROOM- INS	27,223	28,792	1,569 *	92.59	118.00
(2,945)	(6,061)	3,116	(68.48)			CONTRACTUAL ADJ-ANCILLARIES- INS	(42,702)	(50,996)	8,294	(145,25)	(209.00
17,836	8,584	9,252	414.79	296,00	Total	INSURANCE COMMERCIAL	75,641	72,224	3,417	257.28	296.00
					3800	MEDICARE PART B					
	180	180 **		0.05		VACCINES-MRB		1,440	1,440 *		0,05
18,535	5,568	12,967	5.67			PHYSICAL THERAPY - MCR B	182,948	46,848	136,100	6.15	1.60
9,420	3,480	5,940	2.88			SPEECH THERAPY - MCR B	60,710	29,280	31,430	2.04	1.00
13,950	5,220	8,730	4.27			OCCUPATIONAL THERAPY - MCR B	90,490	43,920	46,570	3.04	1.50
(18,680)	(7,238)	11,441	(5.72)			CONTRACTUAL ADJ-ANCILLARY - MCR B	(150,798)	(60,902)	89,896 *	(5.07)	(2.08
23,225	7,210	16,016	0,00	0.00	Tota	MEDICARE PART B	183,350	60,586	122,764	0.00	0.00
678,175	667,115	11,060	207.58	191 70	Tota	Patient Revenue	6,017,727	5,730,170	287,557	202.41	195,70
010,110	551,115	11,000	201100	101,70	1010		- / / /	-,,			

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PP. Budg
				3900	OTHER OPERATING REVENUE					
90	139	49 *	0,03	0.04 3910	BARBER AND BEAUTY	705	1,171	466 *	0.02	0.
192	174	18	0.06		CABLE T.V.	1,568	1,464	104	0,05	0,
371	70	301	0.11		HOME DELIVERED MEALS-PVT	2,401	586	1,815	0.08	0,
7,373	5,568	1,805	2.26		HOME DELIVERED MEALS-TENNCARE VI	63,348	46,848	16,500	2.13	1.
7,070	35	35*			ADULT DAY CARE-PVT		293	293 *		0.
	70	70 '			ADULT DAY CARE-TENNCARE WAIVER	7,853	8,976	1,124 *	0.26	0.
1,467	35	1,432	0.45		INPATIENT RESPITE TENNCARE WAIVER	1,956	293	1,663	0.07	0.
(536)	00	536*	(0.16)		CONT ADJ TENNCARE WAIVER INPATIEN	(715)		715 *	(0.02)	
(000)	35	35*	(====/		5 INPATIENT RESPITE PRIVATE	, ,	293	293 *		0.0
		**		3950	ACTIVITIES FUNDRAISER	80		80	0.00	
8,956	6,125	2,832	2.74	1.76 Tola	OTHER OPERATING REVENUE	77,196	59,923	17,272	2,60	2.0
607.424	672.040	13,891	210,32	193.46 Tota	I Revenue	6,094,922	5,790,093	304,830	205.00	197
687,131	673,240	13,091	210.32			0,004,022	3,133,033			
				400						
				400	NURSING					
				410	NURSING - ADMINISTRATION					
5,536	5,300	236 *	1.69	1.52 410	1 SALARIES - DIRECTOR OF NURSING	43,345	42,400	945 *	1.46	1.4
	3,665	3,665		1,05 410	2 SALARIES-ASSISTANT D.O.N.		29,320	29,320		1.0
2,609		2,609 *	0.80	410	3 SALARIES CNA INSTRUCTOR	11,231	6,000	5,231 *	0.38	0.2
5,434	4,106	1,328 *	1.68	1.18 410	4 SALARIES Q. A. COORDINATOR	39,731	34,550	5 181 *	1.34	10
13,811	7,083	6,726 *	4.23	2.04 410	5 SALARIES - MDS COORDINATOR	63,343	56,664	6,679 *	2,13	1.5
184	2,500	2,316	0.06	0.72 410	VACATION/SICK/HOLIDAY-NURSING ADM	26,497	20,000	6,497 *	0.89	0.6
2,084	1,666	418*	0.64	0,48 411	PAYROLL TAXES - NURSING ADMIN	13,601	13,328	273 *	0.46	0.4
1,650	1,650		0.51	0.47 415	MEDICAL DIRECTOR FEES	13,200	13,200		0.44	0.4
1,265	1,500	235	0.39	0.43 415	2 PHARMACY CONSULTANT	10,758	12,000	1,242	0.36	0.4
32,573	27,470	5,102 *	9.97	7,89 Tota	NURSING - ADMINISTRATION	221,707	227,462	5,755	7,46	7.
				420	0 NURSING SERVICE					
4,071	2,500	1,571 *	1.25	0.72 420	3 SALARIES - REGISTERED NURSES	71,443	20,000	51,443 *	2.40	0.0
30,024	48,500	18,476	9.19	13.94 420	4 SALARIES - LICENSED NURSES	274,766	388,000	113,234	9.24	13.
42,474	67,000	24,526	13.00	19,25 420	5 SALARIES - AIDES & ORDERLIES	426,703	536,000	109,297	14.35	18,
4,716	10,500	5,784	1.44	3.02 420	9 VACATION/SICK/HOLDIAY - NURSING	64,248	84,000	19,752	2.16	2.
11,970	13,000	1,030	3.66	3.74 421	0 PAYROLL TAXES - NURSING	104,746	104,000	746 *	3.52	3.
5,981	4,000	1,981 *	1.83	1_15 422	8 NSG MINOR EQUIPMENT	36,269	32,000	4,269 *	1.22	1,
	600	600		0.17 422	9 NURSING FORMS AND NOTES	2,631	4,800	2,169	0.09	0,
8,320	7,000	1,320 *	2.55	2,01 423	0 NURSING SUPPLIES	67,495	56,000	11,495 *	2.27	1,
5,044	4,500	544 *	1.54	1,29 423	1 MEDICAL SUPPLIES - CHARGEABLE	47,363	36,000	11,363 *	1.59	1/
671	1,800	1,129	0.21	0.52 423	7 EQUIPMENT RENTAL-NURSING	7,956	14,400	6,444	0.27	0,
901	1,000	99	0,28	0.29 424	1 COST OF PHARMACY PRIOR AUTH ICF	11,820	8,000	3,820 *	0.40	0.
				424	2 COST OF VACCINES		5,000	5,000		0.
	100	100		0.03 424	3 COST OF PHYSICIAN VISITS	800	800	0	0.03	0.
	125	125		0.04 424	4 COST OF HOSPICE SERVICES VA		1,000	1,000		0.
3,323	2,900	423*	1.02	0.83 430	1 SALARIES-RESTORATIVE SUPERVISOR	19,734	23,200	3,466	0.66	0.
4,259	3,950	309 *	1.30	1_14 430	2 SALARIES-RESTORATIVE STAFF	33,813	31,600	2,213 *	1.14	1
(351)	1,000	1,351	(0,11)	0.29 430	5 VACATION/SICK/HOLIDAY - RESTORATIVI	7,236	8,000	764	0.24	0
678	585	93 *	0.21	0.17 430	6 PAYROLL TAXES - RESTORATIVE	4,979	4,680	299 *	0.17	0
	200	200		0.08 431	0 RESTORATIVE SUPPLIES	233	1,600	1,367	0.01	0,
122,079	169,260	47,181	37.37	48.64 Tot	al NURSING SERVICE	1,182,235	1,359,080	176,845	39.76	46
				438	NURSING SERVICE - MCR CERT BI					
155	1,600	1,445	0.05	0.46 423	8 EQUIPMENT RENTAL SNF-NURSING	6,135	12,800	6,665	0.21	0
2,869	6,000	3,131	0.88	1.72 435	3 SALARIES - REGISTERED NURSES-CER1	34,393	48,000	13,607	1.16	1,
29,180	25,000	4,180 *	8.93	7.18 435	4 SALARIES - LICENSED NURSES-CERT	238,607	200,000	38,607 *	8,03	6.
39,194	35,000	4,194 "	12.00	10.06 435	55 SALARIES - AIDES & ORDERLIES-CERT	329,631	280,000	49,631 *	11,09	9
00,154										

^{*} Unfavorable Differences

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget		Account	YTD Actual	YTD Budget	YTD Dlff	PPD Actual	PF Budg
1,531	2,567	1,036	0.47	0.74	4360	PAYROLL TAXES - NURSING-CERT,	12,823	20,536	7,713	0,43	0,
1,475	1,950	475	0,45	0,56	4372	PHARMACY-HOUSE STOCK	15,017	15,600	*583	0,51	0.
24,031	21,000	3,031 *	7.36	6,03	4373	PHARMACY-CHARGEABLE	142,728	168,000	25,272	4.80	5
399	600	201	0,12	0:17	4374	PHARMACY-NON-CHARGEABLE	3,776	4,800	1,024	0.13	0
	2,100	2,100		0,60	4381	MEDICAL SUPPLIES - CHRG - CERT	668	16,800	16,132	0_02	C
875	1,250	375	0,27	0,36	4390	XRAY - CERT	8,496	10,000	1,504	0,29	
98,942	99,567	625	30.29	28,61	Total	NURSING SERVICE - MCR CERT BEDS	807,988	796,536	11,452 *	27.18	27
					5000	THERAPY DEPARTMENT					
160	800	640	0,05	0.23	5030	SUPPLIES - THERAPY	2,298	6,400	4,102	0.08	(
160	800	640	0.05	0.23	Total	THERAPY DEPARTMENT	2,298	6,400	4,102	0.08	(
253,764	297,097	43,343	77,67	85,37	Total	NURSING	2,214,228	2,389,478	175,250	74.48	81
					4400	MEDICAL RECORDS					
2,224	2,100	124 *	0.68	0.60	4401	SALARIES - MEDICAL RECORDS	15,545	16,800	1,255	0.52	1
2,227	2,500	273	0.68	0,72	4402	SALARIES-MEDICAL RECORDS SUPERVI	18,421	20,000	1,579	0.62	
79	500	421	0,02	0,14	4409	VACATION/SICK/HOLIDAY-MED_RECORD	5,886	4,000	1,886 *	0,20	1
390	400	10	0.12	0.11	4410	PAYROLL TAXES - MEDICAL RECORDS	3,109	3,200	91	0.10	
	250	250		0.07	4430	SUPPLIES - MEDICAL RECORDS	492	2,000	1,508	0.02	
4,920	5,750	830	1,51	1,65	Total	MEDICAL RECORDS	43,454	46,000	2,546	1 46	
						PHARMACY-EMAR MONTHLY ACCESS &	5,009		5,009 =	0,17	
						DIETARY			100.1	0.00	
2,378	2,300	78*	0.73			SALARIES - DIETARY SUPERVISOR	18,802	18,400	402 ^	0.63	
27,212	23,500	3,712*	8.33			SALARIES - DIETARY	227,871	188,000	39,871 *	7,66	
3,700	2,500	1,200 *	1,13			VACATION/SICK/HOLIDAY - DIETARY	33,918	20,000	13,918 *	1.14	
2,783	2,500	283 *	0.85			PAYROLL TAXES - DIETARY	21,743	20,000	1,743 *	0.73 1.63	
5,890	5,000	890*	1,80			SUPPLIES - DIETARY	48,530	40,000 8,000	8,530 * 2,012 *	0.34	
	1,000	1,000				Dietary Minor Equipment	10,012 42,285	44,000	1,715	1,42	
4,125	5,500	1,375	1.26			DIETARY SUPPLEMENTS	8,916	16,000	7,084	0.30	
682	2,000	1,318	0.21			ENTERAL SUPPLIES	332,791	276,000	56,791 *	11,19	
36,418	34,500	1,918*	11,15			RAW FOOD	332,781	800	800	******	
2 206	100 2,500	100 104	0.73			EQUIPMENT RENTAL - DIETARY DIETARY CONSULTANT	18,259	20,000	1,741	0,61	
2,396 85,583	81,400	4,183*	26.20			DIETARY	763,127	651,200	111,927 *	25.67	
60,000	01,400	4,100	20.20	20.00		LAUNDRY					
9,851	10,800	949	3.02	3.10	4602	SALARIES - LAUNDRY	97,651	86,400	11,251	3.28	
278	1,350	1,072	0.09	0.39	4609	VACATION/SICK/HOLIDAY - LAUNDRY	9,838	10,800	962	0.33	
862	1,000	138	0.26	0,29	4610	PAYROLL TAXES - LAUNDRY	8,381	8,000	361 *	0.28	
1,575	2,350	775	0.48	0,68	4625	LINEN & BEDDING	11,553	18,800	7,247	0,39	
2,386	1,750	636 *	0.73	0,50	4630	SUPPLIES - LAUNDRY	16,147	14,000	2,147 *	0,54	
14,953	17,250	2,297	4.58	4.96	Tota	LAUNDRY	143,570	138,000	5,570 *	4.83	
					4800						
2,152	2,300	148	0.66			SALARIES - HOUSEKEEPING SUPERVISC	18,453	18,400	53 -	0.62	
14,263	15,800	1,537	4.37			SALARIES - HOUSEKEEPING STAFF	105,753	126,400	20,647	3.56	
696	1,700	802	0.27			VACATION/SICK/HOLIDAY-HOUSEKEEPIN	16,449	13,600	2,849 *	0.55	
1,504	1,540	36	0.46			PAYROLL TAXES - HOUSEKEEPING	11,067	12,320	1,253	0.37	
1,786	2,300	514	0,55			SUPPLIES - HOUSEKEEPING	18,056	18,400	344	5.71	
20,603	23,640	3,037	6.31	6.79	∌ Tota	HOUSEKEEPING	169,778	189,120	19,342	3.71	
					490	PLANT OPERATIONS					
0.070	0.000	70.6	0.04	0.00	400	SALARIES - MAINTENANCE SLIDERVISOR	14 979	23,200	8.221	0.50	
2,979	2,900	79*	0.91			SALARIES - MAINTENANCE SUPERVISOF	14,979 37.325	23,200 51,200	8,221 13.875	0.50 1.26	
2,979 4,865 (51)	2,900 6,400 900	79 * 1,535 951	0.91 1.49 (0.02)	1.84	4 4902	SALARIES - MAINTENANCE SUPERVISOF SALARIES - MAINTENANCE VACATION/SICK/HOLIDAY - MAINTENANCE	14,979 37,325 10,017	23,200 51,200 7,200	8,221 13,875 2,817 *	0.50 1.26 0.34	

^{*} Unfavorable Differences

PF Budg	PPD Actual	YTD Diff	YTD Budget	YTD Actual	Account	PPD Budget	PPD Actual	Month Diff	Month Budget	Month Actual
0.4	0.01	11,783	12,000	217	CONTRACT SERVICES - MAINTENANCE	0.43 4920		1,500	1,500	
0,4	0.06	10,310	12,000	1,690	SUPPLIES - MAINTENANCE	0.43 4930	0_00	1,486	1,500	14
0,4	0.08	10,958	13,400	2,442	BUILDING MINOR EQUIPMENT	0.48 4931		1,675	1,675	
0.0		200	200		EQUIPMENT RENTAL	0.01 4935		25	25	
4.5	2,56	57,585	133,600	76,015	REPAIRS & MAINTENANCE	4.80 4941	0.70	14,405	16,700	2,295
0,	80.0	325	2,800	2,475	PEST CONTROL	0.10 4951	0.08	75	350	275
2.5	2.45	591	73,400	72,809		2.64 4953	3,40	1,936 *	9,175	11,111
1,-	1,15	17,746	52,000	34,254	UTILITIES-GAS	1.87 4954	1_91	253	6,500	6,247
0,	0,52	279 *	15,200	15,479	UTILITIES-WATER	0,55 4955	0.69	366 *	1,900	2,266
1.0	1.64	16,782 *	32,000	48,782		1 15 4956	2.64	4 628 *	4,000	8,628
0,	0.01	5,060	5,400	340	GROUNDS MAINTENANCE			675	675	
0,:	0.29	2,765 *	6,000	8,765	FUEL & REPAIRS - AUTOMOBILES		0.10	438	750	312
3.	3,13	672	93,600	92,928	DEPRECIATION-EXPENSE	3,36 4960	3,56	84	11,700	11,616
18.	14.23	115,349	538,400	423,051	PLANT OPERATIONS	19.34 Total	15.67	16,102	67,300	51,198
					BARBER & BEAUTY	5050				
0.0	0,01	489	800	311	SUPPLIES - BARBER & BEAUTY	0.03 5070		100	100	
0.0	0.01	489	800	311	BARBER & BEAUTY	0,03 Total	0.00	100	100	0
					ACTIVITIES	6100				
0.	0.70	689	21,400	20,711	SALARIES - ACTIVITY DIRECTOR	0,77 5101	0.84	72*	2,675	2,747
1,0	1.26	6,928 *	30,400	37,328	SALARIES - ACTIVITIES	1.09 5102	1,49	1,081*	3,800	4,881
0.3	0.21	1,873	8,000	6,127	VACATION/SICK/HOLIDAY - ACTIVITIES	0.29 5109	(0.05)	1,179	1,000	(179)
0.	0.17	232 *	4,800	5,032	PAYROLL TAXES - ACTIVITIES	0.17 5110	0.20	47 *	600	647
0,	0.39	397	12,000	11,603	SUPPLIES - ACTIVITIES	0.43 5130	0,38	257	1,500	1,243
2.	2.72	4,201 *	76,800	80,801	ACTIVITIES	2,75 Total	2.86	236	9,575	9,339
					SOCIAL SERVICES	5200				
0.	0.24	16,183	23,360	7,177	SALARIES - SOCIAL SERVICES DIRECTO	0,84 5201		2,920	2,920	
0.	0,39	5,657	17,200	11,543	SALARIES - SOCIAL SERVICES	0.62 5202	0.71	172 *	2,150	2,322
0,	0.05	1,295	2,800	1,505	VACATION/SICK/HOLIDAY - SOCIAL SRVC	0,10 5209		350	350	
0.	0.05	1,552	2,920	1,368	PAYROLL TAXES - SOCIAL SERVICES	0,10 5210	0 04	234	365	131
0.	0.02	102	600	498	SUPPLIES - SOCIAL SERVICES	0.02 5230		75	75	
0.	0,05	1,636	3,200	1,564	MARKETING EXPENSES	0.11 5231	0.09	92	400	309
1.	0,80	26,424	50,080	23,656	SOCIAL SERVICES	1.80 Total	0.85	3,499	6,260	2,761
					PURCHASED SERVICES	5300				
6.	6,58	19,586 *	176,000	195,586	PHYSICAL THERAPY	6,32 5340	6,64	295	22,000	21,705
0.	1.35	18,055 *	22,000	40,055	SPEECH THERAPY	0.79 5342	1.97	3,684 *	2,750	6,434
5.	5,12	7,729	160,000	152,271	OCCUPATIONAL THERAPY	5.75 5344	6.28	510 ^	20,000	20,510
0.	0,21	2,707 *	3,400	6,107	OCCUPATIONAL THERAPY NONCHARGE	0.12 5347	0.16	82 *	425	507
0,	0.08	373 *	2,000	2,373	SPEECH THERAPY-NONCHARGEABLE	0.07 5348	0.18	332 *	250	582
0.	0,32	2,831 *	6,800	9,631	PHYSICAL THERAPY-NONCHARGEABLE	0.24 5349	0.10	534	850	316
0	0.35	3,967 *	6,400	10,367	AMBULANCE - MCR A	0.23 5350		800	800	
0,	0.01	104	280	176	NON-AMBULANCE TRANSIT	0.01 5351	0.02	26*	35	61
1.	1.50	4,030	48,528	44,498	2 RESPIRATORY THERAPY	1,74 5352	1:70	509	6,066	5,557
0.	0.13	1,035	5,000	3,965	LAB FEES - MCR A	0.18 5360	0,31	379*	625	1,004
14.	15.64	34,622 *	430,408	465,030	PURCHASED SERVICES	15.46 Total	17.35	2,874 *	53,801	56,675
					GENERAL & ADMINISTRATIVE	5400				
1.	1.47	1,089	44,800	43,711	SALARIES - ADMINISTRATOR	1,61 5401	1.84	397*	5,600	5,997
0.	0.83	1,092	25,840	24,748	S SALARIES - ADMINISTRATIVE STAFF	0.93 5403	0.95	112	3,230	3,118
0.	0.44	244 *	12,800	13,044	SALARIES - PURCHASING AGENT	0.46 5404	0.46	94	1,600	1,506
1.	1.37	371	41,200	40,829	5 SALARIES-CONTROLLER		1,11	1,529	5,150	3,621
0.	0.91	1,577 ~	25,600	27,177	7 SALARIES-HUMAN RESOURCE MANAGE		1.00	54 *	3,200	3,254
	0.09	2,664	5,200	2,537	HUMAN RESOURCE EXPENSE	0.19 5408	0.02	600	650	50
0.	0.03	-1								

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget		Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PP. Budge
1,617	1,500	117*	0,49	0.43 5	5410	PAYROLL TAXES - G & A	13,395	12,000	1,395 *	0.45	0.4
24,868	25,000	132	7.61	7.18 8	5412	INSURANCE-HEALTH	185,558	200,000	14,442	6.24	6,8
	6,900	6,900		1,98 5	5413	INSURANCE-WORKERS COMPENSATION	68,451	55,200	13,251 *	2.30	1,8
7,846	9,913	2,067	2,40	2.85 5	5414	INSURANCE - GENERAL	103,023	84,849	18,174 *	3.47	2.9
9,661	11,700	2,039	2,96	3,36 5	5415	EMPLOYEE RETIREMENT SYSTEM	93,456	93,600	144	3.14	3.2
100	300	200	0.03	0.09 5	5422	LEGAL FEES	2,101	2,400	299	0.07	0.0
550	500	50*	0.17	0.14 5	5423	ACCOUNTING & AUDIT FEES	42,055	34,500	7,555 *	1.41	10
282	1,000	718	0.09	0.29	5425	COMPUTER MISC.	7,267	8,000	733	0.24	0,
866	1,700	834	0.27	0.49 8	5426	MAINTENANCE CONTRACTS	13,553	13,600	47	0.46	0,
1,985	1,500	485 *	0.61	0.43 8	5430	FORMS & OFFICE SUPPLIES	14,173	12,000	2,173 ^	0.48	0.
	100	100		0.03 8	5435	EQUIPMENT RENTAL		800	800		0.
448	575	127	0.14	0.17	5436	POSTAGE	3,289	4,600	1,311	0,11	0.
117	125	9	0.04	0.04	5439	WORKMAN' COMP EXPENSE	389	1,000	611	0.01	0.
(32)	250	282	(0.01)	0.07 8	5440	EMPLOYEE UNIFORMS	(23)	2,000	2,023	0.00	0.
848	750	98 *	0,26	0.22 5	5441	EMPLOYEE PHYSICALS/HEALTH EXPEN:	5,110	6,000	891	0.17	0.3
					5442	BANK CHARGES	197		197 *	0.01	
(5)		5	0.00	6	5443	EMPLOYEE BADGE CHARGE	(165)		165	(0.01)	
					5444	CNA CLASS FEE	(295)		295	(0.01)	
1,360	1,400	40	0.42	0.40	5445	CONTRACT LABOR	9,928	11,200	1,272	0,33	0.
1,470	550	920*	0.45	0.16	5446	TV CABLE	5,316	4,400	916	0.18	0.
					5447	CNA CLASS SUPPLIES	580		580 *	0.02	
1,510	1,700	190	0.46	0.49	5448	TELEPHONE	11,865	13,600	1,735	0.40	0.
					5449	CNA TEST FEE	245		245 *	0.01	
88	600	512	0.03	0.17	5470	TRAINING/SEMINARS/CONFERENCES	5,167	6,200	1,033	0.17	0.
172	200	28	0.05	0.06	5471	TRAVEL	2,197	1,600	597 *	0.07	0
	125	125		0.04	5472	BUSINESS MEALS	721	1,000	279	0.02	0.
2,067	500	1,567*	0.63	0.14	5473	DUES/MEMBERSHIPS/SUBSCRIPTIONS	16,063	14,300	1,763 *	0,54	0
	210	210		0.06	5474	TRAVEL LODGING	1,364	1,680	316	0.05	0.
278	325	47	0.08			EMPLOYEE RELATIONS	22,620	18,175	4,445 *	0.76	0.
	200	200				FLOWERS/GIFTS	373	1,600	1,227	0.01	0.
	1,000	1,000				SCHOLARSHIP		8,000	8,000		0.
190	90	100 *	0.06			ADVERTISING ALLOWED	1,540	720	820 *	0,05	0.
95	300	205	0.03			ADVERTISING - NOT ALLOWED	2,401	2,400	19.	0.08	0.
565	700	135	0.17			DATA PROCESSING	3,388	5,600	2,212	0.11	0.
970	250	720 *	0,30			TAXES & LICENSES	5,250	2,000	3,250 *	0,18	0
0,0	3,400	3,400	0,00			BAD DEBTS	0,200	27,200	27,200		0.
11,179	19,000	7,822	3,42			BAD DEBTS-MEDICARE	147,608	152,000	4,392	4.96	5
33	10,000	33 *	0.01			UNALLOCATED WAGES	234	,	234 *	0,01	
29,667	29,667	0	9,08			BED LICENSURE FEE	237,333	237,336	3	7,98	8.
17,588	143,160	25,572	35.99			GENERAL & ADMINISTRATIVE	1,193,672	1,208,600	14,928	40,15	41
317,374	705,333	87,959	188,97	202,68	Total	OPERATING COSTS	5,525,687	5,718,686	192,999	185,86	195
69,757	(32,094)	101,850	21.35	(9.22)	Total I	NCOME/LOSS FROM OPERATIONS	569,235	71,406	497,829	19.15	2.
					5600	OTHER INCOME					
144	700	556*	0.04	0.20	5601	INTEREST INCOME	15,602	5,600	10,002	0.52	0
9	275	267 *	0.00			VENDING MACHINE REVENUE	19	550	531 *	0.00	0
704	45	659	0.22			PURCHASES DISCOUNTS	5,338	360	4,978	0.18	0
960	1,125	165 *	0.29			EMPLOYEE/GUEST MEALS	7,376	9,000	1,624 *	0,25	C
35	50	15**	0.01			MISCELLANEOUS INCOME	422	400	, 22	0.01	0
12,600	16,650	4,050 *	3.86			COST REPORT SETTLEMENT INCOME	107,100	133,200	20,100 *	3.60	4
14,452	18,845	4,393 *	4.42			OTHER INCOME	135,857	149,110	13,253 *	4,57	5
					5700	OTHER COSTS					
324		994*			5710	ELECTRIC-SENIOR CENTER	1 038		1.032 *		
324		324**				ELECTRIC-SENIOR CENTER	1,038		1,038 *		
324 19 10		324 ** 19 ** 10 **		1	5711	ELECTRIC-SENIOR CENTER WATER-SENIOR CENTER SEWER&SANITATION-SENIOR CENTER	1,038 97 134		1,038 * 97 * 134 *		

^{*} Unfavorable Differences

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Statement of Operations

Overton County Nursing Home (OC)

2/1/12 to 2/29/12

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Dlff	PPD Actual	PPD Budget
130		130 *			5714 TELEPHONE SENIOR CENTER	524		524 *		
45		45 *			5715 PEST CONTROL-SENIOR CENTER	180		180 °		
					5716 PROPERTY INSUR-SENIOR CTR	1,319		1,319 *		
					5717 REPAIR & MAINT-SENIOR CENTER	160		160 *		
					5716 GEN LIABILITY INSUR-SR CENTER	741		741 1		
	50	50		0.01	5750 DAMAGED RESIDENT ITEMS EXPENSE		400	400		0.01
861	50	811	0.26	0.01	Tolal OTHER COSTS	5,135	400	4,735 *	0.17	0.01
83,348	(13,299)	96,646	25.51	(3.82)	Total NET INCOME/LOSS BEFORE TAXES	699,957	220,116	479,841	23.54	7.52
83,348	(13,299)	96,646	25.51	(3.82)	Total NET INCOME/LOSS	699,957	220,116	479,841	23.54	7.52

OVERTON COUNTY NURSING HOME LIVINGSTON, TENNESSEE AUDITED FINANCIAL STATEMENTS JUNE 30, 2011



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Accordance with Government Auditing Standards	12-13
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OVERTON COUNTY NURSING HOME

Livingston, Tennessee

Board of Directors and Administrator (unaudited)

June 30, 2011

Billie Phipps, Chairman

Randall Boswell, Vice Chairman

Gregg Nivens

Frank Martin

Darwin Clark

Jennifer Bouldin, Administrator

FINANCIAL SECTION



JOBE, HASTINGS & ASSOCIATES

Certified Public Accountants

745 SOUTH CHURCH STREET – BELMONT PARK P.O. BOX 1175 MURFREESBORO, TN 37133-1175 (615) 893-7777 FAX: (615) 896-5990 www.jobehastings.com Donna K. Hastings, CPA, CSEP James R. Jobe, CPA Joel H. Jobe (1944 – 2006)

INDEPENDENT AUDITOR'S REPORT

Board of Directors Overton County Nursing Home Livingston, Tennessee

We have audited the accompanying statement of net assets of Overton County Nursing Home, a component unit of Overton County, Tennessee as of June 30, 2011, and the related statements of revenues, expenses and changes in fund net assets and cash flows for the year then ended. These financial statements are the responsibility of Overton County Nursing Home's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Overton County Nursing Home, a component unit of Overton County, Tennessee, as of June 30, 2011, and the respective changes in financial position, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated August 26, 2011 on our consideration of Overton County Nursing Home's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require that be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Board of Directors Overton County Nursing Home

Our audit was conducted for the purpose of forming an opinion on the financial statements of Overton County Nursing Home. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements. It has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Jake, Hastings & Associates

Certified Public Accountants

Murfreesboro, Tennessee August 26, 2011

OVERTON COUNTY NURSING HOME

Livingston, Tennessee

Statement of Net Assets

June 30, 2011

<u>ASSETS</u>	
Current Assets- Cash Certificates of deposit Cash - patients' funds Patient accounts receivable, net of allowance of \$75,000 Accrued interest receivable Estimated third-party payor settlements Prepaid expense TOTAL CURRENT Property and Equipment- Land improvements Building and improvements Transportation equipment Equipment Less: Accumulated depreciation Land	\$ 102,708 3,000,800 49,148 1,227,075 \$ 4,379,731 2,887,551 \$ 1,492,180 56,500 \$ 1,548,680
TOTA	AL ASSETS \$ 6,238,765
<u>LIABILITIES</u>	
Current Liabilities- Accounts payable - trade Accrued salaries and wages payable Accrued vacation Accrued payroll taxes and employee withholdings Patients' funds held in trust Current portion of capitalized lease obligation TOTAL CURRENT L.	\$ 223,101 175,230 114,896 33,298 36,359 4,421 \$ 587,305
Long-term Liabilities - Capitalized lease obligation, less current portion TOTAL L. NET ASSETS	5,604 1ABILITIES \$ 592,909
Net Assets - Invested in capital assets, net of related debt Unrestricted net assets	\$ 1,538,655 4,107,201 ET ASSETS \$ 5,645,856 ET ASSETS \$ 6,238,765

See notes to financial statements.

OVERTON COUNTY NURSING HOME

Livingston, Tennessee

Statement of Revenues, Expenses and Changes in Fund Net Assets

For the Year Ended June 30, 2011

Operating Revenues -			
Net patient service revenue		\$	8,979,812
Other revenue			21,797
		\$	9,001,609
Operating Expenses -		- 57	
Medical and nursing services		\$	2,943,816
Dietary services			991,218
Employee benefits			822,597
Therapy and ancillary services			797,913
Administrative and general			555,067
Plant operation and maintenance			505,778
Bed license fees			356,000
Housekeeping services			236,182
Laundry and linen			207,573
Depreciation			138,269
Recreational activities			98,567
Medical records			59,075
Social services			37,171
Other operating expenses		2	17,737
		\$_	7,766,963
	OPERATING INCOME	\$_	1,234,646
			- 21
Nonoperating Revenues (Expenses) -			
Interest income		\$	17,723
Loss on disposal of capital assets			(101)
Interest expense	3(6.1		(1,838)
		\$_	15,784
	CHANGE IN NET ASSETS	\$	1,250,430
			100=10=
Net Assets at Beginning of Year	1757 1 000770 1 F F 175 0F 175 17	Φ.	4,395,426
	NET ASSETS AT END OF YEAR	\$ _	5,645,856

See notes to financial statements.

OVERTON COUNTY NURSING HOME

Livingston, Tennessee

Statement of Cash Flows

For the Year Ended June 30, 2011

Cash Flows from Operating Activities - Received from residents and third-party payors Received from others Paid to suppliers for goods and services Paid to employees for services NET CASH PROVIDED BY OPERATING ACTIVITY	\$ 9,138,600 21,797 (3,744,939) (3,859,729) VITIES \$ 1,555,729
Cash Flows from Capital and Related Financing Activities - Purchase of property and equipment Disbursements for construction in progress Payments on capitalized lease obligation Interest paid on capitalized lease obligation NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITY	\$ (236,052) (100,602) (3,803) (1,838) VITIES \$ (342,295)
Cash Flows from Investing Activities - Interest earned NET CASH PROVIDED BY INVESTING ACTIV	\$ 3,236 \$ 3,236
Cash and cash equivalents July 1, 2010 CASH JUNE 30	796,835
Reconciliation of Operating Income to Net Cash Provided by Operating Activity Operating income Adjustments to reconcile operating income to net cash provided by operating activities -	ities - \$ 1,234,646
Depreciation Provision for bad debts Changes in assets and liabilities -	138,269 123,881
Decrease in patient accounts receivable Increase in estimated third-party payor settlements Decrease in accounts payable-trade Increase in accrued salaries and wages payable Decrease in accrued vacation Increase in accrued payroll taxes and employee withholdings NET CASH PROVIDED BY OPERATING ACTIV	185,947 (151,040) (3,840) 27,956 (3,270) 3,180
Non Cash Investing, Capital, and Financing Activities - Interest earnings added to certificate of deposit	\$\frac{1,555,729}{\$}\$ \$\$18,442

<u>Attachment C. – Orderly Development 7(c)</u>

License

Board for Licensing Health Care Facilities

State of Cennessee

License No. 00000000200

No. Beds 0160

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Realth to

OV	OVERTON COUNTY to conduct
nd maintain a Nursing Kome	Home OVERTON COUNTY NURSING HOME
Pocaled at 318 BILBREY	318 BILBREY ST., LIVINGSTON
county of OVERTON	ON Genneddee.
This license shall expire) shall expire JUNE 30 , 2012 and is subject
to the provisions of Chap	to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable,
and shall be subject to re	and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department
	of Kealth issued thereunder.
	In Olimess Whereof, we have hereunto set our hand and seal of the State
	this 1ST day of JULY, 2011.
	By Nicion of health Cabe facilities
というできませんが、	DIRECTOR DIVISION OF HEALTH CARE FACILITIES

By GWARLEDAR MSW, MA)

COMMISSIONER

Attachment C. - Orderly Development 7(d)

Survey



STATE OF TENNESSEE DEPARTMENT OF HEALTH

Office of Health Licensure and Regulation East Tennessee Region 5904 Lyons View Pike, Bldg. 1 Knoxville, Tennessee 37919

January 21, 2011

Ms. Jennifer Bouldin, Administrator Overton County Nursing Center 318 Bilbrey Street Livingston TN 38570

Re: 44-5419

Dear Ms. Bouldin:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey/complaint investigation on November 30 — December 2, 2010. An on-site revisit and review of your plan of correction for the deficiencies cited as a result of the survey/investigation was conducted on January 11, 2011. Based on the on-site revisit, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of December 9, 2010.

If you have any questions concerning this letter, please contact our office at (865) 588-5656.

Sincerely,

Karen B. Kirby, R.N. Regional Administrator

ETRO Health Care Facilities

KK:afl

TN00027122



STATE OF TENNESSEE DEPARTMENT OF HEALTH

OFFICE OF HEALTH LICENSURE AND REGULATION EAST TENNESSEE REGION 5904 LYONS VIEW PIKE, BLDG. 1 KNOXVILLE, TENNESSEE 37919

IMPORTANT NOTICE - PLEASE READ CAREFULLY

December 8, 2010

Ms. Jennifer Bouldin, Administrator Overton County Nursing Center 318 Bilbrey Street Livingston TN 38570

RE: 44-5419

Dear Ms. Bouldin:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety Code recertification survey/complaint investigation on November 30 - December 2, 2010. This letter to you is to serve as notice that as a result of the survey/investigation completed December 2, 2010, your facility was not in substantial compliance with the participation requirements of Medicare and/or Medicaid Programs. A statement of deficiencies (CMS 2567) is being provided to you with this letter.

If you do not achieve substantial compliance by January 16, 2011, our office will recommend to the Centers for Medicare & Medicaid Services (CMS) and/or the State Medicaid Agency that enforcement remedies be imposed.

All references to regulatory requirements contained in this letter are found in Title 42, Code of Federal Regulations.

Mandatory Remedies

If you do not achieve substantial compliance by March 2, 2011, (3 months after the last day of the survey identifying noncompliance December 2, 2010), the CMS Regional Office and/or State Medicaid Agency must deny payments for new admissions.

We will also recommend to the CMS Regional Office that your Provider Agreement be terminated on June 2, 2011, if substantial compliance is not achieved by that time.

Please note that this notice does not constitute formal notice of imposition of alternative remedies or termination of your provider agreement. Should the Centers for Medicare and Medicaid Services determine that termination or any other remedy is warranted, it will provide you with a separate formal notification of that determination.

Ms. Jennifer Bouldin, Administrator December 8, 2010 Page 2

Plan of Correction (POC)

A POC for the deficiencies must be submitted by December 18, 2010. Failure to submit an acceptable POC by December 18, 2010 may result in the imposition of remedies by January 16, 2011.

Your POC must contain the following:

What corrective action(s) will be accomplished for those residents found to have been affected by the deficient practice;

How you will identify other residents having the potential to be affected by the same deficient practice and what corrective action will be taken;

What measures will be put into place or what systematic changes you will make to ensure that the deficient practice does not recur; and

How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

INFORMAL DISPUTE RESOLUTION

In accordance with 488.331, you have one opportunity to question cited deficiencies. You may request a Face to Face IDR for substandard level deficiencies, harm level deficiencies and immediate jeopardy level deficiencies. All other deficiencies will receive a desk review (telephone or written) by the Regional Office that cited the deficiency. These requests must be made within the same 10-calendar day period that you have for submitting an acceptable plan of correction and must contain additional justification as to why the deficiency(ies) should not have been written for harm level deficiencies or other deficiencies that are not substandard or immediate jeopardy. Evidence to dispute the scope and severity levels may only be submitted for substandard or immediate jeopardy deficiencies. Additional information which must be submitted with your request for an IDR is limited to no more than five (5) typed pages with a font size of no less than ten (10). If the facility is requesting a desk review in addition to a face to face IDR, the facility must submit two separate requests with their plan of correction to the State Survey Agency at the address on this letter, telephone 865-588-5656 or fax number 865-594-5739. An incomplete Informal Dispute Resolution process will not delay the effective date of any enforcement action.

If you have any questions, please contact the East Tennessee Regional Office by phone: 865-588-5656 or by fax: 865-594-5739

Sincerely,

Karen B. Kirby, R.N.

Interim Regional Administrator

Karen Keiley lds

KK:afl

TN00027122

Enclosure

HEALTH CARE FACILITY

PAGE 04/21 FORM APPROVED.

DEPARTMENT OF HEALTH AND HUMAN SERVICES OMB NO. 0938-0391

CENTER	S FOR MEDICARE	& MEDICAID SERVICES (X1) PROVIDER/SUPPLIER/CLIA	(X2) M	ULTIP	LE CONSTRUCTION	(X3) DATE SU COMPLE	RVEY TED
TATEMENT ND PLAN O	OF DEFICIENCIES F CORRECTION	IDENTIFICATION NUMBER:	A BUI	LDING			İ
		445419	B. WIN			12/02	2/2010
	ROMDER OR SUPPLIER	G HOME		31	EET ADDRESS, CITY, STATE, ZIP CODE 18 BILBREY STREET IVINGSTON, TN 38570		
(X4) ID PREFIX TAG	SUMMARY ST	ATEMENT OF DEFICIENCIES Y MUST BE PRECEDED BY FULL LSC IDENTIFYING INFORMATION)	ID PREF TAC	ix	PROVIDER'S PLAN OF CORREC (EACH CORRECTIVE ACTION SHO CROSS-REFERENCED TO THE APP DEFICIENCY)	MULD BE	COMPLETION DATE
F 000	INITIAL COMMEN	its	F	000			
F 280 SS=0	investigation #266 on November 30 - County Nursing H related to compla 42 CFR PART 48 Care. Deficiencie complaint investig 483.20(d)(3), 483 PARTICIPATE P The resident has incompetent or o incapacitated unc participate in plan changes in care A comprehensive within 7 days afte comprehensive interdisciplinary physician, a regi for the resident, disciplines as de and, to the exter the resident, the	the right, unless adjudged therwise found to be der the laws of the State, to ming care and treatment or and treatment. a care plan must be developed as the completion of the assessment; prepared by an attending stered nurse with responsibility and other appropriate staff in the treatment by the resident's needs at practicable, the participation of resident's family or the resident's family or the resident's tive; and periodically reviewed a team of qualified persons after		- 280			

This REQUIREMENT is not met as evidenced

Based on medical record review and interview the facility failed to update the care plan to reflect changes in resident care for three residents (#6, ABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE Aministra

(X6) DATE 12-16-10

May deficiency statement ending with an asterisk (") denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

12/02/2010

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

CENTERS FOR MEDICARE	& MEDICAID SERVICES	T	^
STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA	(X2) MULTIPLE CONSTRUCTION A, BUILDING	

445419 B. WING _____

(X3) DATE SURVEY COMPLETED

NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE 316 BILBREY STREET LIVINGSTON, TN 38570

OVERTO	N COUNTY NURSING HOME		BILBREY STREET VINGSTON, TN 38570	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	COMPLETION DATE
F 280		F 280	Changes in resident care was immediately updated for all three residents to their care plans reflecting the need for isolation precautions and/or any specific precautions to observe for the residents. The MDS co-ordinator received physician orders and updated care plans for residents #6, #26, and #8. The facility procedure has been updated to include obtaining physician orders for contact isolation and updating the care plans to reflect the need for isolation precautions with the residents. This policy was placed into facility use on 12/8/2010. Staff was in-serviced and policy manual updated on 12/8/2010.	12/8/201
9	Resident #26 was admitted to the facility on November 4, 2010, with diagnoses including Congestive Heart Failure, Coronary Artery Disease, Coronary Artery Bypass Graft, Diabetes Mellitus, Hypertension, Gastroesophageal Reflux Disease, and Transient Ischemic Attack.			

STATEMENT OF DEFICIENCIES

AND PLAN OF CORRECTION

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE 318 BILBREY STREET LIVINGSTON, TN 38570

ID	PROVIDER'S PLAN OF CORRECTION	75
PREFIX TAG	(EACH.CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
	The Director of Nursing and Quality Assurance Nurse will monitor infections through the infection monitor sheet and charge nurses have been in-serviced to notify the QA nurse when any new infection arises that is communicable. This will ensure that all infection control measures are in place. Tracking of facility infections will continue with the Director of Nursing and the QA meeting will discuss the adherence to new procedure for contact isolation precautions for the quality assurance program in facility. The facility will include Infection Control in the Safety	
	CDC guidelines state that the 'combination of infection control and a safety campaign is more effective in retention of proper	
	F 280	F 280 The Director of Nursing and Quality Assurance Nurse will monitor infections through the infection monitor sheet and charge nurses have been in-serviced to notify the QA nurse when any new infection arises that is communicable. This will ensure that all infection control measures are in place. Tracking of facility infections will continue with the Director of Nursing and the QA meeting will discuss the adherence to new procedure for contact isolation precautions for the quality assurance program in facility. The facility will include Infection Control in the Safety In-Services and meetings. CDC guidelines state that the 'combination of infection control and a safety campaign is more

resident at risk for falls.

Accident.

Stenosis, Hypertension, and Cerebral Vascular

Assessment dated August 2, 2010, revealed the

Medical record review of the Assisted Transfer

Medical record review of the Fall Risk

Care Facilities)

contact isolation then addressing it singularly' with blood borne

pathogen instruction or infection

guidelines I.D.2.a. for Long Term

control instruction. (CDC

12/8/2010

HEALTH CARE FACILITY

PAGE 07/21 PKIN1ED: 12/05/2010

FORM APPROVED DEPARTMENT OF HEALTH AND HUMAN SERVICES OMB NO. 0938-0391 CENTERS FOR MEDICARE & MEDICAID SERVICES (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION (X1) PROVIDER/SUPPLIER/CLIA COMPLETED STATEMENT OF DEFICIENCIES IDENTIFICATION NUMBER: AND PLAN OF CORRECTION A. BUILDING B. WING 12/02/2010 445419 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 318 BILBREY STREET OVERTON COUNTY NURSING HOME LIVINGSTON, TN 38570 (X5) COMPLETION DATE PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE SUMMARY STATEMENT OF DEFICIENCIES (X4) ID PREFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) PREFIX TAG DEFICIENCY TAG F 280 Continued From page 3 F 280 Policy revealed "... If the resident cannot stand alone, two persons (one on each side) should assist the resident to stand using a gait belt, and turn the resident and sit him/her in the chair ... ' Medical record review of the Care Plan dated August 11, 2010, revealed no documentation addressing the use of a gait belt with transfers. Interview with MDS/Care Plan Coordinator, on December 2, 2010, at 1:15 p.m., in the MDS/Care Plan Coordinator's office, confirmed the care plan had not been revised to reflect the use of a gait Resident # 8 care plan was belt for transfers. immediately updated to reflect F 323 483.25(h) FREE OF ACCIDENT F 323 the use of gait belt with transfers HAZARDS/SUPERVISION/DEVICES SS=D with the resident. The facility must ensure that the resident environment remains as free of accident hazards The MDS co-ordinator will as is possible; and each resident receives update care plans to include the adequate supervision and assistance devices to need for assistive devices with prevent accidents. residents per our facility policy. The QA nurse will monitor this This REQUIREMENT is not met as evidenced using an audit of a selection of charts with residents using Based on medical record review, facility policy assistive devices. This will be review, and interview, the facility failed to

Accident.

implement a transfer device for one resident (#8)

Resident #8 was admitted to the facility on August

2, 2010, with diagnoses including Cervical Spinal

Stenosis, Hypertension, and Cerebral Vascular

of twenty-six residents reviewed.

The findings included:

committee.

done monthly and the QA nurse

will give direct feedback to the

deficiencies found in the care

plan. Quarterly findings will

MDS coordinator on any

be reported to the QA

08/21 PAGE PRINTED: TZ/UO/ZUTU FORM APPROVED OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR MEDICARE & MEDICAID SERVICES (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION (X1) PROVIDER/SUPPLIER/CLIA COMPLETED STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION IDENTIFICATION NUMBER: A. BUILDING 12/02/2010 B. WING 445419 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 318 BILBREY STREET LIVINGSTON, TN 38570 OVERTON COUNTY NURSING HOME PROVIDER'S PLAN OF CORRECTION (XS) COMPLETION (EACH CORRECTIVE ACTION SHOULD BE SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL DATE PREFIX CROSS-REFERENCED TO THE APPROPRIATE (X4) ID REGULATORY OR LSC IDENTIFYING INFORMATION) TAG PRÉFIX DEFICIENCY) TAG F 323 Continued From page 4 F 323 Nursing staff was in-serviced Medical record review of the Minimum Data Set on proper use of gait belts (MDS) dated August 5, 2010, revealed the resident had impaired short/long term memory, and assistive devices. total dependence for ambulation, and required The QA nurse and Director two plus persons assist for transfers. of Nursing will perform Medical record review of a Fall Risk Assessment weekly checks with staff dated August 2, 2010, revealed the resident at to observe for gait belts and risk for falls. use of assistive devices. necessary corrections will Medical record review of the Assisted Transfer Policy revealed "...If the resident cannot stand be made and the QA nurse alone, two persons (one on each side) should will report findings to the assist the resident to stand using a gait belt, and quality assurance committee. 12/8/2010 turn the resident and sit him/her in the chair..." Medical record review of a Nurse's Notes dated September 27, 2010, revealed "...Resident falled to bear weight et (and) assisted to floor during transfer from shower chair to wheelchair..." Continued medical record review revealed no documentation that a gait belt had been used for the transfer. Interview with Licensed Practical Nurse #4, on December 1, 2010, at 10:50 a.m., in the nurse's office confirmed the facility failed to follow the Assisted Transfer Policy and a gait belt had not been used to assist with a transfer on September 27, 2010. F 441 483,65 INFECTION CONTROL, PREVENT F 441 SPREAD, LINENS SS=E The facility must establish and maintain an Infection Control Program designed to provide a safe, sanitary and comfortable environment and to help prevent the development and transmission of disease and infection.

PAGE 09/21 PRINTED: 18/06/2010 FORM APPROVED

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OMB NO. 0938-0391 CENTERS FOR MEDICARE & MEDICAID SERVICES (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION COMPLETED (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: STATEMENT OF DEFICIENCIES A BUILDING AND PLAN OF CORRECTION 12/02/2010 B. WING 445419 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 318 BILBREY STREET LIVINGSTON, TN 38570 OVERTON COUNTY NURSING HOME (X5) COMPLETION PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE SUMMARY STATEMENT OF DEFICIENCIES DATE (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) PREFIX (X4) ID PREFIX TAG DEFICIENCY TAG F 441 Continued From page 5 F 441 (a) Infection Control Program The facility must establish an Infection Control Program under which it -(1) Investigates, controls, and prevents infections in the facility: (2) Decides what procedures, such as isolation, should be applied to an individual resident; and (3) Maintains a record of incidents and corrective actions related to infections. (b) Preventing Spread of Infection (1) When the Infection Control Program determines that a resident needs isolation to prevent the spread of infection, the facility must isolate the resident. (2) The facility must prohibit employees with a communicable disease or infected skin lesions from direct contact with residents or their food, if direct contact will transmit the disease. (3) The facility must require staff to wash their hands after each direct resident contact for which hand washing is indicated by accepted professional practice. (c) Linens Personnel must handle, store, process and transport linens so as to prevent the spread of infection. This REQUIREMENT is not met as evidenced by: Based on medical record review, review of facility policy, observation, and interview, the facility failed to implement infection control practices to prevent the spread of infection for six (#6, #18,

#26, #10, #13, #25) of twenty-six residents

1

HEALTH CARE FACILITY

2/08/2010	09:32	8655945739	MEALTH CHILL THOSE	FORM APPRO
DADTMENT	OF HEALT	H AND HUMAN SERVICES		OMB NO. 0938-
PARTIMET I	A PEDICAD	E & MEDICAID SERVICES		CY3) DATE SURVEY

	JENT OF HEALTH	AND HUMAN SERVICES				OMB NO.	938-0391
DEPARTI	S FOR MEDICARE	& MEDICAID SERVICES	1	-	CONSTRUCTION	CONTATE SUE	VEY
TATES ALBERT !	OF DEFICIENCIES CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	A. BUILD		CONSTRUCTION	COMPLET	
		445419	B. WING	š		12/02	/2010
LIANC OF DE	OVIDER OR SUPPLIER	445410	1	STREE	T ADDRESS, CITY, STATE, ZIP CODE BILBREY STREET	:*:	
		a HOME #	- 1		INGSTON, TN 38570		
OVERTO	N COUNTY NURSING		112	141 4	THE PROPERTY OF AN OF CORRECT	TION	(X5) COMPLETION
(X4) ID PREFIX TAG		ATEMENT OF DEFICIENCIES Y MUST BE PRECEDED BY FULL LSC IDENTIFYING INFORMATION)	ID PREFIX TAG		(EACH CORRECTIVE ACTION SHO CROSS-REFERENCED TO THE APPR DEFICIENCY)	ROPRIATE	DATE
		C	F4	141	+		
F 441	Continued From previewed.	age o		1		(5	
		W.	V	1	Primary care physician for		· · · ·
	The findings inclu	ded:	2		resident # 6 was contacted	and ,	
	Resident #6 was	admitted to the facility on			order written for contact		
	Intervendent 5, 201	U and teadmitted on Moreimeen		4	isolation. Sign was placed	outside	
		ignoses including Respiratory nous Thrombosis, Alcohol			of resident's room immedia	ately	
	Abuse, Supraven	itricular rachycardia, riepatrio of			with additional signs availa	able	P 827
1	and Failure to Th	nve.			to nursing staff in all crash	carts	
	Observation of th	ne resident's room during initial			in facility. Mask, gowns, a	and	
1	the same blockers and be	er 30, 2010, at 10:00 a.m., iohazard bag (used for infectious			gloves were placed outside resident's room on a table.	01	
	manufact in the true	ch can and a	1.		Disposable bags and Bioha		
1	his howard /hinda	gradable bag in the linen hamper vation of the room revealed no	•		bags were placed on table	outside	
ł	cionage to indica	ate the resident was on isolation.			of resident's room.		
	Eurther obcerve	fion of the room revealed no			Non-vital equipment was j	placed in the	ne
	evidence of pers	sonal protective equipment other than disposable gloves.			resident's room. Antisepti	c solution	ì
	1000		_		and disposable gloves wer	e placed	
	Medical record the resident was	review revealed no documentatio s on isolation.	11		in resident's room.		
1	Review of facilit	y policy Isolation Techniques			The MDS coordinator upd	ated the	1
1	revealed "lealat	ion signs should be placed on the	€		plan of care to reflect the	necessity	
	Thomas	where residents receive isolation ne sign should inform visitors, Do			of isolation precautions fo	r the	
	Not Enter Room	" - Keport to the whise a grand!			resident.		
1	for Instructions	" Further review of the policy act Isolation is designed to preve	nt			*/	
	transmission of	f highly transmissible of			£:		
1	idominionina	du important intections/\					1
	aca carroad prin	nditions included in this category narily by close or direct contact.					
	"There are marked out	who and dioves are recommends	ed				
1	for more sound in n	lirect contact with any resident when the contact with any resident with a category	100	(4)			
· ·	nas an intectio	di nier is nisiana a ni			le le	continuation s	hoef Page 7

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR TATEMENT OF DIND PLAN OF COM	FFICIENCIES	& MEDICAID SERVICES (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	A, BUI	DING	E CONSTRUCTION	(X3) DATE SUF COMPLET	VEY ED /2010
JAME OF PROVI	der or süpplier	445419	B, WI	STRE	ET ADDRESS, CITY, STATE, ZIP COI		2010
	DUNTY NURSING	G HOME			/INGSTON, TN 38570		
(X4) ID - PREFIX TAG	SUMMARY ST	ATEMENT OF DEFICIENCIES Y MUST BE PRECEDED BY FULL LSC IDENTIFYING INFORMATION)	ID PREI TA	TX X	PROVIDER'S PLAN OF COF (EACH CORRECTIVE ACTION CROSS-REFERENCED TO THE DEFICIENCY)	SERVICE DE LA SECTION DE LA SE	(X5) COMPLETION DATE
Internal Int	recember 2, 2016 fice, confirmed to lation precautic as no sign on the esident was on is ith the DON revivallable at the novallable in centratocked in the restance of the res	DON (Director of Nursing) on 0, at 9:00 a.m., in the DON's the resident was on contact ons for Hepatitis B and there e resident's door indicating the solation. Continued interview ealed gloves and masks were urses' station and gowns were al supply, but were not routinely sident's room. Is admitted to the facility on May admitted on June 27, 2009, with ling Myelodysplastic anemia, Disease, Gastroesophageal and Neurogenic Bladder. Review of a physician's note dated revealed "C-diff (Clostridium pious watery, liquid, brown inued medical record review of a dated September 14, 2010, culture positive." I record review revealed no the resident was placed on precautions. The DON on December 2, 2010, a page 2015 office, confirmed the paged on contact isolation.	t	441	Resident #18 was not on isolation precaution secondary to follow upstating negative culture on 9/12/2010. Nursing staff was insthe updated nursing pfor contact isolation, states that the charge obtain a physician or isolation and must do order for necessity of precautions.	ns again p lab work re for C-diff serviced on procedure Procedure nurse der for contact ocument this	t .

12/08/		AND HUMAN SERVICES	,			FORM /	0938-0391
CENTERS	S FOR MEDICARE	& MEDICAID SERVICES	(X2) MUL	TIPLE	CONSTRUCTION	(X3) DATE SU COMPLE	IRVEY
ND PLAN OF	CORRECTION	IDENTIFICATION NUMBER:	A. BUILDI B. WING			12/0	2/2010
	- Pales	442418	S	TREE	ET ADDRESS, CITY, STATE, ZIP CODE		
	OVIDER OR SUPPLIER		1	318	BILBREY STREET		
OVERTO	N COUNTY NURSING	The state of the s		LIV	INGSTON, TN 38570 PROVIDER'S PLAN OF CORRE	CTION	(X5) COMPLETION
(X4) ID PREFIX TAG		ATEMENT OF DEFICIENCIES Y MUST BE PRECEDED BY FULL LSC IDENTIFYING INFORMATION)	PREFIX TAG		(EACH CORRECTIVE ACTION SH CROSS-REFERENCED TO THE APP DEFICIENCY)	CULD DE	DATE
F 441	Continued From p		F 44	‡1			
	November 4, 2010 Congestive Heart Disease, Coronar Malitius Hyperter	admitted to the facility on 0, with diagnoses including Failure, Coronary Artery y Artery Bypass Graft, Diabetes ision, Gastroesophageal Reflux insient Ischemic Attack.			e O	9 	(e)
	November 21, 20 "Wound care dor purple area appro (centimeters) x 1 x 2.5 cm with 2 p yellow drainage." of a nursing note 8:50 a.m., reveal received with MF Staphylococcus Observation of the staphylococcus Observation of the staphylococcus revealed no sign resident was on revealed a red be a biohazard/biod bamper. Further	view of a nursing note dated 10 at 4:00 p.m., revealed to posterior thigh. Dark red, ox (approximately) 10 cm 0 cm. Has area in center 2.5 cm inpoint open areas with thick Further medical record review dated November 23, 2010, at ed "wound culture of resident RSA (Methiciffin Resistant Aureus) in wound." The resident's room during initial er 30, 2010, at 10:15 a.m., on the door indicating the isolation. Continued observation inhazard bag in the trash can and degradable bag in the linen observation revealed no tive equipment in the room other gloves.			Primary care physician for resident # 26 was contacte order written for contact isolation. Sign was placed of resident's room immediwith additional signs avail to nursing staff in all crash in facility. Mask, gowns, gloves were placed outsid resident's room on a table Disposable bags and Bioh bags were placed on table of resident's room. Non-vital equipment was resident's room. Antisept and disposable gloves we in resident's room.	d and l outside iately lable n carts and e of cazard outside placed in t	he

Review of facility policy Isolation Techniques revealed "Isolation signs should be placed on the door of rooms where residents receive isolation precautions. The sign should inform visitors, Do

Not Enter Room - Report to the Nurse's Station for Instructions."

resident.

The MDS coordinator updated the plan of care to reflect the necessity of isolation precautions for the

PAGE 13/21 PRINTED: 12/06/2010 FORM APPROVED OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES

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CENTERS FOR MEDICARI	E & MEDICAID SERVICES (X1) PROVIDER/SUPPLIER/CLIA (X2) M		MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	445419	B. W	The second secon	12/02/2010
NAME OF PROVIDER OR SUPPLIER			STREET ADDRESS, CITY, STATE, ZIP COD	DÉ

OVERTON COUNTY NURSING HOME CAN ID PRICE CAN IN STATE CAN I	NAME OF P	ROVIDER OR SUPPLIER		STRI	EET ADDRESS, CITY, STATE, ZIP CODE	
DATE PREVIOUENT PLAN OF CORRECTION CONTROL PRINTING INFORMATION PRINTING				31	8 BILBREY STREET	
PREFIX TAG PREFIX TAG F 441 Continued From page 9 Interview with the DON on December 2, 2010, at 9:00 a.m., in the DON's office, confirmed the resident was on contact isolation due to MRSA and there was no sign on the resident door indicating the resident was on isolation. Observation on November 30, 2010, at 2:10 p.m., revealed Licensed Practical Nurse (LPN) #1 providing wound care to resident #10. Observation revealed LPN#1 removed a dressing from a sacral wound, removed the gloves and washed the hands. Observation revealed LPN #1 removed one glove from the left hand and desared the wound with wound cleanser and a gauze pad, applied a medicated dressing to the wound (Deservation revealed LPN #1 removed one glove from the left hand and desared the perimeter of the wound with wound cleanser and a gauze pad, applied a medicated dressing to the wound observation revealed LPN #1 removed one glove from the left hand and desared the perimeter of the wound with wound cleanser and a gauze pad, applied a medicated dressing to the wound observation revealed LPN #1 removed one glove from the left hand and desared the wound with wound cleanser and a gauze pad, applied a medicated dressing to the wound. Observation revealed LPN #1 removed the gloves and washed the hands. Reapplied gloves and provided incontinence continued observation revealed LPN #1 removed the gloves without washing the hands, reapplied gloves and provided incontinence continued observation revealed LPN #1 removed the gloves without washing the hands and applied cleans liners to the resident's bed, then removed the gloves and washed the hands. Review of the facility's policy Hand Washing revealed "Hand washing should be performed to the policy and the performed to the performed t	OVERTO	N COUNTY NURSING HOME			VINGSTON, IN 38370	(0(5)
Interview with the DON on December 2, 2010, at 9:00 a.m., in the DON's office, confirmed the resident was on contact isolation due to MRSA and there was no sign on the resident's door indicating the resident was on isolation. Observation on November 30, 2010, at 2:10 p.m., revealed Licensed Practical Nurse (LPN) #1 providing wound care to resident #10. Observation revealed LPN#1 removed a dressing from a sacral wound, removed the gloves and washed the hands. Observation revealed LPN #1 removed one glove from the right hand and cleaned the wound with wound cleanser and a gauze pad, Continued observation revealed LPN #1 removed one glove from the left hand and cleaned the wound with wound cleanser and a gauze pad, applied a medicated dressing to the wound. Observation the wound with wound cleanser and a gauze pad, applied a medicated dressing to the wound. Observation revealed LPN #1 removed the gloves and without washing the hands, reapplied gloves and provided incontinence care to the resident after an episode of fecal incontinence. Continued observation revealed LPN #1 removed the gloves and without washing the hands, reapplied gloves and provided incontinence care to the resident after an episode of fecal incontinence. Continued observation revealed LPN #1 removed the gloves and washed the hands. Review of the facility's policy Hand Washing revealed "Hand washing should be performed"	PREFIX	CACH DEELCIENCY MIST BE PRECEDED BY PULL	PRE	FIX	(EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	COMPLÉTION
Tooligation sheet Page 10 of 14	F 441	Interview with the DON on December 2, 2010, at 9:00 a.m., in the DON's office, confirmed the resident was on contact isolation due to MRSA and there was no sign on the resident's door indicating the resident was on isolation. Observation on November 30, 2010, at 2:10 p.m., revealed Licensed Practical Nurse (LPN) #1 providing wound care to resident #10. Observation revealed LPN#1 removed a dressing from a sacral wound, removed the gloves and washed the hands. Observation revealed LPN #1 applied two gloves to each hand and described the wound as a Stage IV pressure ulcer measuring 6.0 cm. (centimeters) in length and 5.0 cm. wide, with a slight amount of serous drainage. Observation revealed LPN #1 removed one glove from the right hand and cleaned the wound with wound cleanser and a gauze pad. Continued observation revealed LPN #1 removed one glove from the left hand and cleaned the perimeter of the wound with wound cleanser and a gauze pad, applied a medicated dressing to the wound bed then applied a hydrocolloid dressing to the wound. Observation revealed LPN #1 removed the gloves and without washing the hands, reapplied gloves and provided incontinence care to the resident after an episode of fecal incontinence. Continued observation revealed LPN #1 changed the gloves without washing the hands and applied cleans linens to the resident's bed, then removed the gloves and washed the hands. Review of the facility's policy Hand Washing		441	Quality Assurance Nurse will monitor infections through the infection monitor sheet and charge nurses have been in-serviced to notify the QA nurse when any new infection arises that is communicable. This will ensure that all infection control measures are in place. Tracking of facility infections will continue with the Director of Nursing and the QA meeting will discuss the adherence to new procedure for contact isolation precautions for the quality assurance program in facility. The facility will include Infection Control in the Safety In-Services and meetings.	12/8/2010

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DEBARTMENT OF HEALT	H AND HUMAN SERVICES		9		0800-0001
CENTERS FOR MEDICAF STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MU A, BUIL	ILTIPLE CONSTRUCTION DING	(X3) DATE S COMPLE	URVEY ETED
AND A SECTION OF THE	445419	B, WIN		والمساور والمساور والمساور والمساور	2/2010
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	N COUNTY NURSING		ID	LI	VINGSTON, TN 38570	TION	(X5) COMPLETION
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F 441	Interview on Dece the Director of Nur office, revealed th after cleaning a w dressing. Interview on Nove with LPN #1, in th hands were to be care and after pro Continued intervi not washed after applying a clean care prior to prov after providing in	mber 2, 2010, at 8:55 a.m., with rising (DON), in the DON's e hands were to be washed and ound prior to applying a clean ember 30, 2010, at 3:00 p.m., ie nursing office, revealed the washed after providing wound oviding incontinence care. ew confirmed the hands were cleaning the wound prior to dressing, after providing wound iding incontinence care, and continence care prior to placing he resident's bed.	F	441	The facility policy on Hand Washing now includes Hand Hygiene. The facility will continue following the hand washing protocol between procedure but will allow the use of has anitizer and hand hygiene hand washing between procedures. This policy was updated and put into place on the day the staff was in-serviced on the new policy.	g es and or	2
	a.m., during a m revealed LPN #2 room of resident revealed LPN #2 removing a bottl Hydrocortisone Suspension (an infection) from a the Wing 3 Men observation rev left the resident medication cart resident's room bedside; held th B, Hydrocortiso suspension in the drops to each of	November 30, 2010, at 11:20 edication pass on Wing 3, 2, with gloved hands, entered the #13. Further observation 2 did not wash hands prior to e of Neomycin, Polymixin B, (Cortisporin) Ophthalmic tibiotic medication for eye a plastic bag previously stored in 's medication cart. Further ealed LPN #2, with gloved hands 's bedside to lock Wing 3 Men's , located at the entrance of the ; returned to the resident's ne bottle of Neomycin, Polymixin one (Cortisporin) Ophthalmic the gloved hands; administered tweye of resident #13; removed the nds; and exited the room without after administering the eye drops	vo		The QA nurse and/or Dire Of Nursing will observe the wound care nurse perform wound care as pa QA rounds on a weekly basis. Compliance and proper technique will be observed according to facility procedure and pol The quality assurance cor will be informed of findir follow up on any correcti or suggestions to meet compliance.	rt of icy. nmittee ngs and	12/8/201

DEPARTMENT OF HEALTH AND HUMAN SERVICES OMB NO. 0938-0391 CENTERS FOR MEDICARE & MEDICAID SERVICES (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION COMPLETED (X1) PROVIDER/SUPPLIER/CLIA STATEMENT OF DEFICIENCIES IDENTIFICATION NUMBER: AND PLAN OF CORRECTION A BUILDING 12/02/2010 B, WING 445419 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 318 BILBREY STREET LIVINGSTON, TN 38570 OVERTON COUNTY NURSING HOME (X5) COMPLETION DATE PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE SUMMARY STATEMENT OF DEFICIENCIES ID (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX (X4) ID REGULATORY OR LSC IDENTIFYING INFORMATION) TAG PRÉFIX DEFICIENCY) TAG F 441 Continued From page 11 F 441 Review of manufacturer's specifications for Cortisporin Ophthalmic Suspension revealed "Information for Patients...ocular products, if handled improperly, can become contaminated by common bacteria known to cause ocular infections. Serious damage to the eye and subsequent loss of vision may result from using contaminated products..." Review of facility policy Eye Ointment/Drops Administration revealed "...PURPOSE To administer ophthalmic ointment/drops into and around the eye, in a safe and accurate manner. STANDARD...3. Explain procedure to resident. 4. Wash hands (examination gloves may be applied)...9. Instill medication...15. Wash hands...' Interview with LPN #2 on November 30, 2010, at 11:30 a.m., at the Wing 3 Men's medication cart outside the room of resident #13, confirmed the hands were not washed before and after the administration of eye drops to resident #13 and gloved hands were contaminated when touching the plastic storage bag previously located on the medication cart and when touching the medication cart prior to the administration of the

Interview with the Director of Nursing (DON), on December 1, 2010, at 1:30 p.m., in the DON's office confirmed hands are to be washed before and after administering eye drops to residents per facility policy and not contaminated prior to administering eye drops to any resident.

Observation on November 30, 2010, at 3:17 p.m., during a medication pass on Wing 2, revealed LPN #3, with gloved hands, entered the room of

Facility ID: TN6702

eye drops.

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

CENTERS FOR MEDICARE & MEDICAID SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445419		A BUILDING B. WING	CONSTRUCTION	(X3) DATE SURVEY COMPLETED 12/02/2010	
NAME OF PROVIDER OR S	SUPPLIER	318	ET ADDRESS, CITY, STATE, ZIP CODE BILBREY STREET VINGSTON, TN 38570		
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F 441 Continued resident # #3 did not of Dorzola Solution (storage between the administration and exite the administration to each each each each each each each each	I From page 12 25. Further observation revealed LPN wash hands prior to removing a bottle amide and Timolol (Cosopt) Ophthalmic medication for glaucoma) from a plastic ag previously stored in the Wing 2 Long Further observation revealed LPN #3 ered one drop of ophthalmic medication by of resident #25; removed the gloves at the room without washing hands afternistering the eye drops. With LPN #3, on November 30, 2010, a with LPN #3, a with LP	at g t to F 514	Nurses # 1, #2 and #3 we present for the in-service on the updated policy and procedure for hand washing hygiene. The in-service held with nursing staff ar questions and answers with discussed concerning proprocedure. The QA nurse will observation of proper process being followed and state in-serviced as needed as needed. The Quality Assurance Committee will be informed and follow up on any corrections or suggest to meet compliance.	d ing/hand was and ere oper ove ands cedure aff will d and over one oper oper oper oper oper oper oper ope	2/8/2010
The cl	inical record must contain sufficient		Facility ID: TN6702 If C	continuation sheet P	age 13 of 1

DEPARTMENT OF HEALTH AND HUMAN SERVICES

DEPARTN	NENT OF HEALIN	AND HOMAN CERVICES				Town BATE SI	
CENTERS	S FOR MEDICARE	& MEDICAID SERVICES	(X2) MULTIPLE CONSTRUCTION		CONSTRUCTION	(X3) DATE SU COMPLE	TED
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	N COUNTY NURSIN	G HOME		LIV	INGSTON, TN 38570		1 1,000
OVERTOR				-1	PROVIDER'S PLAN OF CORRE (EACH CORRECTIVE ACTION SH	CTION IOULD BE	COMPLETION
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		40	F	514			
F 514	Continued From p	eage 13				14	
	manidante assess	ntify the resident; a record of the ments; the plan of care and					10
	preadmission scr	Seving Cougaries by the court				6	
	and progress not	25.			9		
		*					
Š.	This REQUIREM	ENT is not met as evidenced		1			
	by:	al record review and Interview the					4,
£ .	The second section of the second	anintain a complete allu accusate	100		20		
1	clinical record to	one resident (#20) of twenty dis					
1	residents review	ed.				,	v 1
	The findings incl	uded:		10			
1			1		Resident # 20 physicia	ın	
l.	Resident #20 wa	as admitted to the facility on			orders were updated		
1	February 23, 20	09 with diagnoses including hosis, Benign Prostatic	1		to reflect DNR status.		3.
	Hypertrophy, an	d Atrial Fibrillation.	1		To reflect changes in		
					Status of residents the	8	
	Medical record	review of the monthly			Facility implements		c
1	December 2010	rders dated November and revealed the resident's Code			A "change of status"		
1	Status as "Full	Code" (Resuscitate/CPR).			form. This form will		
1					now include Code		
I	Medical record	review of the resident's POST ers for Scope of Treatment) date	d	-50.	Status and be passed	00	
1	Malahar 22 20	40 roveried the residents cook	1 (70)		to departments which		
	Status as "Do I	Not Resuscitate (DNR/no CPR)."			can update this		
					information.		1
	Interview with t	he Director of Nursing on 010, at 10:30 a.m., in the			Nursing staff was		1
1	forced to	AM CONTINUED THE TESTOCIALS			In-serviced on this		
	medical record	was not updated to reflect the			procedure, the Social	l	
	resident's cum	ent code status.			Services Director		
7	*		1		will write the status	on	
1		2'	4		the change of status		

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	of Health Care Fac of DEFICIENCIES	WAY BROWNER/SUPPLIE	R/CLIA		LE CONSTRUCTION	(X3) DATE S	ETED
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		TN6702					
MANUE OF DE	OVIDER OR SUPPLIER		STREET ADD	ress, city, s	TATE, ZIP CODE		
		C HOME	318 BILBR	EY STREET ON, TN 385	/U		
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N 002	1200-8-6 No Defi	ciencies		(1002	nurse will enter it.		
	. 8		8		Medical Records		
	•		92047-920		will additionally		× ×
	An annual Licens	sure survey and comp	plaint		check code status	60	34
		CAN ANA ICZ/ 1/2 WEIG	a continuor		and enter it into		V
	Mariamentane 20	, - December 2, 2010 Home. No deficiencie	, at Courter		physician orders if		
Î	County Nursing	oter 1200-8-6, Standa	ards for		not already done		
	Nursing Homes.			1	by nursing staff.		
	3			l .	by marsing start.		
[1	#3	51		The QA nurse will		i.
					check on compliance		W
	. 1		9		of this on a monthly		
					basis during chart audits	2	
	*				any further corrections	will be	12/8/2010
			,		done if needed at that	VV111 00	1
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Division in	of Health Care Facilities	25 / .			TITLE ,	2	(XS) DATE
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PRINTED: 12/03/2010

FORM APPROVED

DEPARTMENT OF HEALT	H AND HUMAN SERVICES
CENTERS FOR MEDICAR	E & MEDICAID SERVICES

OMB NO. 0938-0391 (X3) DATE SURVEY

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	A, BUILDING 01 - MAIN BUILDING 01	COMPLETED
	445419	B, WING	11/30/2010
property and the second second		ATTENT ADORESS CITY STATE ZIP CODE	+

NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, Z 318 BILBREY STREET

OVERTON COUNTY NURSING HOME			LIVINGSTON, TN 38570			
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES ID PROVIDER'S PLAN OF CORRECTION SHOULD PREFIX (EACH CORRECTIVE ACTION SHO		PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	COMPLETION DATE		
K 025 SS=D	NFPA 101 LIFE SAFETY CODE STANDARD Smoke barriers are constructed to provide at least a one half hour fire resistance rating in accordance with 8.3. Smoke barriers may terminate at an atrium wall. Windows are protected by fire-rated glazing or by wired glass panels and steel frames. A minimum of two separate compartments are provided on each floor. Dampers are not required in duct penetrations of smoke barriers in fully ducted heating, ventilating, and air conditioning systems. 19.3.7.3, 19.3.7.5, 19.1.6.3, 19.1.6.4	K 025				
** A	This STANDARD is not met as evidenced by: Based on observations during the survey, it was determined the facility failed to protect the fire and smoke barriers as required. The findings include:		Maintenance staff resealed the penetrations in the fire corridor wall with fire sealant caulk. Maintenance Director will check monthly for penetrations. Quality Assurance Director will	12/06/20		
	1. On 11/30/10, at 10:30 a.m., observation within the ceiling area above the wing one fire door revealed a penetration in the smoke/fire corridor wall. National Fire Protection Association. (NFPA) 101, 8.3.6.1 2. On 11/30/10 at 12:42 p.m., observation within the wing 3 ceiling area next to the dietary revealed a penetration around the condensate pipe in the smoke and fire wall. NFPA 101, 8.3.6.1	£	monitor quarterly for compliance. Maintenance staff sealed the penetration around the condensate pipe. Maintenance Director will monitor monthly for penetrations. Quality Assurance Director will	12/06/20		
K 14	These findings were verified by the Maintenance Director and acknowledged by the Administrator during the exit interview on 11/30/10. NFPA 101 LIFE SAFETY CODE STANDARD	K1	monitor quarterly for	(X6) DATE		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

Facility ID: TN6702

PAGE 20/21

PRINTED: 12/03/2010 FORM APPROVED OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CENTERS FOR MEDICARE & MEDICAID SERVICES

CENTERS FOR MEDICARE & MEDICAID SERVICES

(X1) PROVIDER/SUPPLIER/CLIA
(X2) MULTIPLE CONSTRUCTION
(X3) DATE SURVEY COMPLETED

STATEMENT	S FOR MEDICARE OF DEFICIENCIES CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	A, BUI	LDINĞ	LE CONSTRUCTION 01 - MAIN BUILDING 01	(X3) DATE SI COMPLE 11/3	URVEY ETED
	ROVIDER OR SUPPLIER			31	EET ADDRESS, CITY, STATE, ZIP CODE 8 BILBREY STREET VINGSTON, TN 38570		
(X4) ID PREFIX TAG	SUMMARY ST	ATEMENT OF DEFICIENCIES Y MUST BE PRECEDED BY FULL LSC IDENTIFYING INFORMATION)	ID PREF TAC	TX.	PROVIDER'S PLAN OF CORREC (EACH CORRECTIVE ACTION SHO CROSS-REFERENCED TO THE APPR DEFICIENCY)	DULD BE	COMPLETION DATE
K 147 SS=E	This STANDARD Based on observa determined the far electrical system at The findings inclu 1. On 11/30/10, a the boiler room ar panel did not have National Fire Prof 408.4 2. On 11/30/10, a the dietary area in broken. NFPA 70 3. On 11/30/10, a the ceiling area a revealed a junction cover plate. NFP 4. On 11/30/10, a the ceiling area a	is not met as evidenced by: itional Electrical Code. 9.1.2 is not met as evidenced by: itions during the survey, it was cility failed to maintain the as required. de: it 12:00 p.m., observation within rea revealed the satellite electric a legible circuit directory. rection Association. (NFPA) 70, it 12:20 p.m., observation within revealed the emergency light was it 10-12 it 12:45 p.m., observation within revealed the emergency light was it 10-12 it 12:50 p.m., observation within reverse and no occurred the ceiling.		147	Maintenance staff relabeled the satellite electric panel. Mainten Director will monitor quarterly legible circuit directories. Qual Assurance Director will monito semi-annually for compliance. New emergency light was repla in the dietary area by Maintenan staff. Maintenance Director will check emergency lighting week Quality Assurance Director will monitor quarterly for compliance. Maintenance staff installed a coplate on junction box in ceiling above room 63 corridor door. Maintenance Director will mon junction boxes to ensure covers in place monthly. Quality Assurance Director will monitor quarterly for compliance. Maintenance staff installed a coplate on junction box in ceiling above room 90 Corridor door. Maintenance Director will monitor junction to ensure covers are in place monthly. Quality Assurance Director will monitor junction to ensure covers are in place monthly. Quality Assurance	nance for lity r aced nce ll lcly. l ce. over area itor are or over	12/09/2010
	These findings w	ere verified by the Maintenance nowledged by the Administrator terview on 11/30/10.		3	compliance.		
**		19					(41)

HEALTH CARE FACILITY 12/08/2010 09:32 8655945739 PRINTED: 12/03/2010 FORM APPROVED

TATEMENT	of Health Care Faci of DEFICIENCIES CORRECTION	(X1) PROVIDER/SUPPLI IDENTIFICATION NO TN6702	JMBER:	A. BUILDING B. WING	2012 APR 13 PØ 12 1	(X3) DATE S COMPL	URVEY ETED
	OVIDER OR SUPPLIER		318 BILBE	RESS, CITY, S REY STREET ON, TN 3857	TATE, ZP CODE	14	
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N 832	overall nursing hordeveloped and mathe safety and well assured. This Rule is not in Based on observatermined the factorerall nursing howerall nursing howerall nursing howere loose. Tenno 1200-08-06-08(1) 2. On 11/3/10, at room 35 revealed missing. TDOH 1.	of the physical plant me environment musintained in such a musintained in such a musintained by the surprise of the surprise o	est be nanner that are vey, it was in the required attion within erarnic tiles of Health tion within	N 832	New tile have been installed to the cove badietary by maintenance staff. Dietary manager monitor monthly for an loose tile. Maintenance Director will monitor quarterly for loose tile. Quality Assurance Director will monitor annually compliance. Bulb was replaced in the night light for room 35 maintenance staff. Maintenance Director monitor night lights we to ensure proper lighting place. Quality Assurated Director will monitor quarterly for compliant	e will e ector for he b by will eekly ng in nce	12/08/201
Division of	lealth Carl Facilities	/ .		- lain aux	TITLE ,	-	(X6) DATE

DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

OH0221

April 25, 2012 03:18 pm



1200 ONE NASHVILLE PLACE 150 FOURTH AVENUE, NORTH NASHVILLE, TENNESSEE 37219-2433 (615) 244-9270 FAX (615) 256-8197 OR (615) 744-8466

Sarah Lodge Tally
Direct Dial (615) 744-8432
Direct Fax (615) 744-8612
stally@millermartin.com

April 25, 2012

VIA HAND DELIVERY

Mr. Phillip M. Wells, FACHE Health Planner III Tennessee Health Services and Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

RE: Overton County Nursing Home – CN1204-017

Dear Mr. Wells:

1. Section B. Item IIA (Project Description) and Section B, Project Description Item IV (Floor Plan)

The project description indicates the applicant will be building a new addition which will have 30 all private rooms, while the licensed bed capacity of the facility will remain at 160 licensed beds. The applicant indicates there will be minor renovations to the existing facility.

- A) Please identify on the floor plan of the existing facility from where the semi-private beds will be removed in the existing facility. A floor plan of the existing facility showing the changes in rooms is attached as Attachment 1(A).
- B) Will the minor renovations be primarily cosmetic upgrades or involve modification of walls construction? Please provide more detail. The minor renovations are cosmetic upgrades. There will be no change in walls.
- C) The applicant mentions the square footage of space per bed in both the new and existing facility. What will be the square footage per bed in the existing facility as compared with state standards? The average square footage per bed in the existing facility will be 142 square feet. The state standards are 100 square feet per bed for private rooms and 80 square feet per bed for semi-private rooms.
- D) What is current and what will be the private vs. semi-private accommodations mix? Please complete the chart below.

	Current Rooms	Current Beds	Proposed Rooms	Proposed Beds
Semi-private Rooms	65	130	46	92
Private Rooms	30	30	68	68
Total Beds	95	160	114	160

April 25, 2012 03:18 pm

Phillip M. Wells April 25, 2012 Page 2

E) In the first paragraph of the response on page 5, the applicant mentions "the new facility will be 19,851 square feet." On page 16, the applicant mentions "the proposed project includes the construction of a new 13,571 square foot building..." Please provide a revised page which corrects this inconsistency.

This was a typographical error. A revised page 16 is attached as Attachment 1(E).

2. Section C. Need, Item 4

Please complete the following chart:

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table.

	Overton	Clay	Jackson	Service Area	State of TN
	County	County	County	Total	Total
Total Population-Current Year -2012	21,377	8,201	11,419	40,997	6,361,070
Total Population-Projected Year -2014	21,567	8,256	11,581	41,404	6,470,546
Total Population-% change	1%	1%	1.4%	1.01%	1.7%
Age 65 and over Population - 2012	3,765	1,464	1,995	7,224	878,496
Age 65 and over Population - 2014	3,941	1,534	2,122	7,597	931,676
Age 65 and over Population - % change 2012-2014	4.7%	4.8%	6.4%	5.2%	6.1%
Age 65 and over Population as % of Total Population 2014	18.3%	18.6%	18.3%	18.3%	14.4%
Age 65 and over Population - 2016	4,099	1,602	2,232	7,933	987,074
Age 65 and over Population - % change 2012-16	8.9%	9.4%	11.9%	9.8%	12.4%
Age 65 and over Population as % of Total Population 2016	18.8%	19.3%	19%	19%	15%
Median Household Income	\$34,347	\$32,106	\$32,722	\$33,058	\$43,314
TennCare Enrollees*	4,863	2,099	2,699	9,661	1,204,520
TennCare Enrollees as % of Total	23%	26.7%	24.6%	24.4%	19.4%
Persons Below Poverty Level**	4,240	1,470	2,525	8,235	1,056,553
Persons Below Poverty Level as % of Total	19.2%	18.7%	21.7%	19.3%	16.5%

The Tennessee Department of Health's Population Projections 2010-2020 should be used for the population projections, the US Census Bureau and the State of Tennessee Bureau of TennCare websites will be helpful in gathering the other demographic statistics.

^{*} TennCare information is from 2008-2009, which is the most recently available data on TennCare's website.

^{**} Statistics on poverty are from the US Census Bureau from 2010.

Phillip M. Wells April 25, 2012 Page 3 April 25, 2012 03:18 pm

3. Section C. Need, Item 5

Please complete the following charts: None of the facilities in the service area have Medicare-only beds, so the Applicant has adjusted the chart to reflect Medicaid-only beds.

Overton, Clay & Jackson County Nursing Homes Historical Utilization -2008

Nursing Home	Licensed	Medicaid-	Medicare/Medicaid-	SNF	SNF	SNF-	NF	Total	Licensed
	Beds Certified		dually certified beds	Medicare	Medicaid	All	ADC	ADC	%
		beds		ADC	ADC	other			Occupancy
						Payors			
						ADC			
Overton County	160	108	52	14	8	0	92	114	71%
Nursing Home									
Mabry Health Care	123	n/a	123	8	11.3	0.27	77.1	96.7	78.6%
& Rehab Center									
Clay County Manor	66	n/a	66	9	n/a	n/a	54	63	95.5%
	240	100	041	21	10.2	0.7	202.1	072.7	70.40/
Total	349	108	241	31	19.3	.27	223.1	273.7	78.4%

Overton, Clay & Jackson County Nursing Homes Historical Utilization -2009

Nursing Home		Licensed	Medicaid-	Medicare/Medicaid-	SNF	SNF	SNF-	NF	Total	Licensed
		Beds	Beds certified dually certified beds		Medicare Med	Medicaid	All	ADC	ADC	%
			beds		ADC	ADC	other			Occupancy
							Payors			
							ADC			
Overton	County	160	108	52	14	8	0	91	113	70%
Nursing Ho	ome									
Mabry He	alth Care	123	n/a	123	9.1	15.1	0.4	81.1	105.8	86%
& Rehab C	Center									
Clay Count	ty Manor	66	n/a	66	9.8	n/a	n/a	49.6	59.4	90%
		2.10	400						2702	
Total		349	108	241	32.9	23.1	.4	221.7	278.2	82%

Overton, Clay & Jackson County Nursing Homes Historical Utilization -2010

Nursing Home	Licensed Beds	Medicaid- certified beds	Medicare/Medicaid- dually certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF- All other Payors ADC	NF ADC	Total ADC	Licensed % Occupancy
Overton County Nursing Home	160	59	101	18	9	1	90	118	74%
Mabry Health Care & Rehab Center	123	n/a	123	2.6	27.6	0.17	57.3	87.7	71.3%
Clay County Manor	66	n/a	66	8.5	n/a	n/a	54.7	63	95.4%
Total	349	59	290	29.1	36.6	1.17	202	268.7	77%

Phillip M. Wells April 25, 2012 Page 4

4. Section C. Need, Item 6

Please provide the details regarding the methodology used to project patient days, average daily census etc. during the first year of operation and patient days, average daily census etc. during the second year of operation. The methodology must include detailed assumptions, methodology and calculations. Providing only statements such as "based on the applicant's experience" will not be considered an adequate response. The growth of the aging population will naturally contribute to a steady increase in the census. The historical data from OCNH already reflects this increase. An additional increase in utilization is projected because the proposed addition will provide more private rooms in a modern environment. This modernization will attract Overton County residents who might otherwise go to surrounding counties for care.

Overton County Nursing Home Historical and Projected Utilization

Year	Licensed Beds	Medicaid- certified beds	Medicare/Medicaid- dually certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF-All other Payors ADC	NF ADC	Total ADC	Licensed % Occupancy
2008	160	108	52	14	8	0	92	114	71%
2009	160	108	52	14	8	0	91	113	70%
2010	160	59	101	18	9	1	90	118	74%
2011	160	59	101	19	15	0	86	120	75%
2012	160	59	101	15	16	0	90	121	76%
2013	160	59	101	24	15	1	85	125	78%
2014	160	59	101	31	15	2	82	130	81%
2015	160	59	101	37	15	3	80	135	84%
2016	160	59	101	39	15	3	83	140	88%

5. Section C, Economic Feasibility, Item 1 (Project Cost Chart)

Your response is noted. However, the architect has provided two letters, one discussing the codes and standards and the other provides a cost estimate which exceeds the amounts provided in the Project Cost Chart.

- A) Please provide documentation in a single letter from a licensed architect or construction professional: A new letter from the architect is attached as Attachment 5(A).
 - 1) A general description of the project,
 - 2) his/her estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements and
 - 3) Attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the new 2006 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities
- B) Please correct and synchronize the construction cost estimates in the Project Cost Chart, the architect's letter and the Square Footage and Cost per Square Footage Chart. The Square Footage and Cost per Square Footage Chart was correct. A revised project

April 25, 2012 03:18 pm

Phillip M. Wells April 25, 2012 Page 5

cost chart, a revised page 4, and new letter from the architect are attached. The project cost chart and revised page 4 are attached as Attachment 5(B).

6. Section C, Economic Feasibility, Item 2 (Funding)

Your response is noted. The County Board Resolution is noted. Please also provide a conditional agreement from an underwriter or investment banker to proceed with the issuance. Additionally, the Administrator's letter does not identify the difference in cost between the County Board's Bond Issue Resolution maximum and the Total Cost of the Project. Please revise the Administrator's letter so that it identifies the difference in the cost of the project and the County Board's funding commitment and the source(s) from which the difference will be drawn.

A letter from Stephen's Inc. regarding issuance of the bond and a letter from the Administrator regarding additional funds are attached as Attachment 6.

7. Section C, Economic Feasibility, Item 3 (Reasonableness of the of the Proposed Project Costs)

The construction cost for the project is inconsistent with the Project Cost Chart and the architect's letter. Please correct and provide revised documentation which synchronizes the construction cost estimates in the Project Cost Chart, the architect's letter, the Square Footage and Cost per Square Footage Chart and the response to this question. The Square Footage and Cost per Square Footage Chart was correct. A revised project cost chart and new letter from the architect are attached.

8. Section C, Economic Feasibility, Item 4 (Historical and Projected Data Charts)

- A) Please develop a Projected Data Chart for the entire 160 bed proposed nursing facility. A Projected Data Chart for the entire facility is attached as Attachment 8(A).
- B) Please provide revised Historical and Projected Data Charts on the attached forms which break out management fees. *The applicant does not have any management fees.*
- C) Please provide a separate detailed page specifying the "Other Expenses" for both revised Historical and Projected Data Charts. Charts for "Other Expenses" are attached as Attachment 8(C).

9. Section C, Economic Feasibility, Item 9

Your response for the project is noted. Please provide the estimated level of the applicant's commitment to both the Medicare and Medicaid programs for the entire facility for the first year of the project, both in estimated dollars and their percentage of facility's Total Gross Revenues. In the first year of the project, Medicare revenue for the entire facility is estimated to be \$2,960,964, which is 29% of total revenue. Medicaid revenue for the entire facility is estimated to be \$6,024,030, which is 59% of total revenue.

April 25, 2012 03:18 pm

Phillip M. Wells April 25, 2012 Page 6

10. Section C. Contribution to the Orderly of Health Care, Item. C.3. (Staffing)

The description of the applicant's staffing includes only the project's proposed staffing. Please provide the facility's current and proposed staffing levels with staffing totals in FTE's (Full Time Equivalents). The applicant does not anticipate increasing staffing until the average daily census at the facility exceeds 140 patients. Current staffing for the full facility is as follows:

Current:

First Shift:

2 Registered Nurses7 Licensed Practical Nurses17 Certified Nursing Assistants

Second Shift:

5 Licensed Practical Nurses 15 Certified Nursing Assistants

Third Shift:

5 Licensed Practical Nurses 13 Certified Nursing Assistants.

11. Project Completion Forecast Chart

Please identify items 10 and 11 on the Project Completion Forecast Chart. Because the facility is already licensed, Item 10 is not applicable. A revise Project Completion Forecast Chart showing corrected Item 11 is attached as Attachment 11.

Sincerely,

Sarah Lodge Tally

SLT/mh

Enclosures

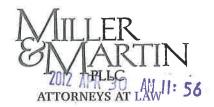
April 25, 2012 03:18 pm

AFFIDAVIT

2012 APR 25 PM 3 20 STATE OF TENNESSEE COUNTY OF <u>Overton</u> NAME OF FACILITY: Overton County Nursing Home I. Jenni for Bouldm, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete. red Administrator Sworn to and subscribed before me, a Notary Public, this the $24 + \frac{1}{2}$ day of April, 20 12 , State of Tennessee. HF-0043

Revised 7/02

April 30, 2012 11:52 am



1200 ONE NASHVILLE PLACE 150 FOURTH AVENUE, NORTH NASHVILLE, TENNESSES 37219-2433 (615) 244-9270 FAX (615) 256-8197 OR (615) 744-8466 Sarah Lodge Tally
Direct Dial (615) 744-8432
Direct Fax (615) 744-8612
stally@millermartin.com

April 30, 2012

VIA HAND DELIVERY

Mr. Phillip M. Wells, FACHE Health Planner III Tennessee Health Services and Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

RE: Overton County Nursing Home – CN1204-017

Dear Mr. Wells:

1. Section C, Economic Feasibility, Item 1 (Project Cost Chart), Section B. (Project Description) Item II.B (Square Footage and Cost per Square Footage Chart), and Section C, Economic Feasibility, Item 3 (Reasonableness of the of the Proposed Project Costs)

Your response is noted. However, the architect has provided a letter and a Cost per Square Footage Chart with a construction cost estimate (\$5,820,598) which exceeds the amounts provided in the Project Cost Chart (\$4,590,000 for Construction Cost plus contingency of \$229,000 = \$4,819,000.00). The amount in both documents should match the amount in the cost to construct the proposed building. Please correct and synchronize the "construction of the proposed building cost" estimates in the Project Cost Chart, the architect's letter and the Square Footage and Cost per Square Footage Chart. Construction costs should <u>not</u> include the cost of the whole project and should exclude architectural & engineering fees, legal and consultant fees, equipment costs, financing cost, etc. A revised Cost per Square Footage Chart and letter from the Architect are attached as Attachment 1.

2. Section C, Economic Feasibility, Item 2 (Funding)

A) Your response is noted. The County Board Resolution and the letter from the bond underwriter are noted. Was the bid for the bonds accepted and the bonds sold? If so, please provide a letter documenting the successful sale of the bonds.

B) Additionally, the Administrator's letter does not identify the difference in the cost between the Bond Issue maximum and the Total Cost of the Project as outlined in the Project Cost Chart. In the letter provided, there was a shortfall of approximately \$524,246. Please revise the Administrator's letter so that it identifies the difference in the cost of the project as "correctly" provided in the Projected Data Chart and the County Board's funding commitment and the source(s) from which the difference will be drawn.

April 30, 2012 11:52 am

Mr. Phillip M. Wells April 30, 2012 Page 2

The bonds were sold on April 24, 2012. A revised letter from the Administrator with a revised cash reserve amount and statement regarding the bond sale is attached as Attachment 2.

3. Section C, Economic Feasibility, Item 4 (Historical and Projected Data Charts)

Your responses are noted. The Consulting and Contract Costs in the "Other Expenses" for Historical and Projected Data Charts appear to be rather high (in the \$700,000+ range) for a nursing facility. Please provide a further breakdown of the "Consulting and Contract Costs." Revised "Other Expenses" charts showing a breakdown of consulting costs are attached as Attachment 3.

4. Section C. Contribution to the Orderly of Health Care, Item. C.3. (Staffing)

Your response is noted. The description of the applicant's staffing includes only the project's proposed staffing. Please provide the facility's current and proposed staffing levels with staffing totals in FTE's (Full Time Equivalents) as displayed in the Chart below:

	Current	Proposed
Position Classification	Full Time Equivalents (FTE)	Full Time Equivalents (FTE)
Registered Nurse	2	2
Licensed Practical Nurse	17	17
Certified Nursing Assistants	45	45
Total	64	64

The applicant does not anticipate increasing staffing until the average daily census at the facility exceeds 140 patients.

Sincerely,

Sarah Lodge Tally

SLT/

Enclosures

GENERAL COUNSEL'S REPORT

July 25, 2012

A. Vanderbilt Health Services dba Vanderbilt Maury Radiation Oncology LLC, Spring Hill (Maury County), TN — CN1012-053A

The project was approved on February 23, 2011 for the relocation of a proposed health care facility in the previously approved but unimplemented Certificate of Need (CN0804-024A) for construction of a single specialty ambulatory surgical treatment center (ASTC) limited to the initiation of megavoltage radiation therapy services. The project cost was \$7,980,617.

The following requests are made at this time:

- 1) Change of Ownership. Vanderbilt Maury Radiation Oncology, LLC was inadvertently established under a provision of TN law that prohibits more than one member; the CON application contemplated two owners (Vanderbit University Medical Center and Maury Regional Medical Center). Request is being made to transfer ownership to another limited liability company to enable both parties to be members, as described more fully in Dan Elrod's letter, dated June 28, 2012. The new owner would ultimately change its name to "Vanderbilt Maury Radiation Oncology LLC."
- 2) Change of Control. The CON application described the intent for Maury Regional Medical Center to be a 50% owner of the facility. The parties now desire to make Maury Regional Medical Center a 60% owner, with Vanderbit University Medical Center owning the remaining 40%.

BUTLER SNOW

2012 JUN 28 AM 10: 26

June 28, 2012

VIA HAND DELIVERY

Ms. Melanie Hill Executive Director Tennessee Health Services and Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

RE: Vanderbilt Health Services d/b/a Vanderbilt Maury Radiation Oncology, LLC,

CN1012-053

Dear Ms. Hill:

On behalf of the project referenced above, the purpose of this letter is to request change of control of the certificate of need pursuant to Tenn. Code Ann. § 68-11-1620(b)(2).

Background

This project is an ambulatory surgical treatment center limited to megavoltage radiation therapy services located in Spring Hill, Tennessee. As described in the certificate of need application, the owner of the project is Vanderbilt University Medical Center ("Vanderbilt") through its wholly-owned limited liability company, Vanderbilt Maury Radiation Oncology, LLC. The certificate of need application further described the intent for Maury Regional Medical Center ("MRMC") to be a 50% owner of the project.

Based on continued discussions between Vanderbilt and MRMC, the parties have determined that the ownership percentage of Maury Regional should be 60%, rather than 50% described in the certificate of need application. Vanderbilt will hold a 40% ownership interest in the project. The parties have further determined that the limited liability company created in connection with the project was inadvertently established under a provision of the Tennessee Limited Liability law that prohibits more than one member of the limited liability company. Thus, in order to accommodate an ownership position by MRMC, a new limited liability company has been created, and a copy of this limited liability company's Articles of Organization is attached as Exhibit 1. The existing limited liability company will merge into the new limited liability company, with the new limited liability company as the surviving entity. The new limited liability company will then change its name to "Vanderbilt Maury Radiation Oncology, LLC."

Because of the percentage of ownership by MRMC will be 60%, rather than 50% as described in the certificate of need application, the reorganization of the project as described

1200 One Nashville Place 150 Fourth Avenue North Nashville, TN 37219-2433 DAN H. ELROD 615,503.9102 dan,elrod@butlersnow.com T 615.503.9100 F 615.503.9101 www.butlersnow.com Ms. Melanie Hill June 28, 2012 Page 2

above would result in a change of control under Tenn. Code Ann. § 68-11-1620(b)(1)(C). The parties seek the Agency's approval of this change of control.

Basis for Approval

Under Tenn. Code Ann. § 68-11-1620(b)(2), the Agency is authorized to approve change of control of an outstanding certificate of need if the new controlling party meets the criteria of economic feasibility and contribution to orderly development of health care. The project remains financially feasible with MRMC's proposed 60% ownership interest. MRMC's share of the project costs will be approximately \$4,401,000, and a letter from MRMC's chief financial officer attached as Exhibit 2 confirms that MRMC has the resources to complete the project. The financial feasibility of the project is further established by MRMC's most recent audited financial statement and most recent unaudited balance sheet and income statement, copies of which are attached as Exhibit 3.

With regard to orderly development of health care, the proposed level of ownership by MRMC (60%) is only modestly greater than the level described in the certificate of need application. The proposed change of control is consistent with the orderly development of health care. Spring Hill is located about 15 miles from MRMC, MRMC has a long history of providing services to the Spring Hill community and a majority ownership interest by MRMC is consistent with both geography and history. Substantial progress toward completion of the project has already been achieved, including pouring of the vault walls for the linear accelerator. Reorganization of the ownership as proposed will facilitate completion of the project without unnecessary delay.

Based on the information submitted, we respectfully request that the Agency approve change of control of this project to MRMC as described above. Please let me know if you have any questions regarding this request or if you need additional information. Thank you for your attention to this matter.

Very truly yours,

BUTLER, SNOW, O'MARA, STEVENS & CANNADA, PLLC

Dan H. Elrod

clw

Attachments

cc: Mr. Alan Watson

Mr. Ron Hill

ButlerSnow 9150939v1

Exhibit 1

2012 JUN 28 AM 10: 26



STATE OF TENNESSEE Tre Hargett, Secretary of State

Division of Business Services

William R. Snodgrass Tower 312 Rosa L. Parks AVE, 6th FL Nashville, TN 37243-1102

Vanderbilt-Maury Radiation Oncology I, LLC 1301 22ND AVE S B-1034 NASHVILLE, TN 37232-0001

June 18, 2012

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

Control #:

688914

Formation Locale: TENNESSEE

Filing Type:

Limited Liability Company - Domestic

Filing Date:

Date Formed:

06/18/2012

06/18/2012 1:10 PM

Fiscal Year Close 12

Status:

Active

Annual Rpt Due:

04/01/2013

Duration Term:

Perpetual

Image #:

7065-0816

Managed By:

Business County:

Director Managed

DAVIDSON COUNTY

Document Receipt

Receipt #: 774405

Filing Fee:

\$300.00

Payment-Check/MO - Vanderbilt University, NASHVILLE, TN

\$300.00

Registered Agent Address:

DAVID WILLIAMS II VANDERBILT UNIVERSITY 305 KIRKLAND HALL NASHVILLE, TN 37240-0001 Principal Address:

1301 22ND AVE S B-1034 NASHVILLE, TN 37232-0001

Congratulations on the successful filing of your Articles of Organization for Vanderbilt-Maury Radiation Oncology I, LLC in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Secretary of State

Processed By: Rita Hunter

Phone (615) 741-2286 * Fax (615) 741-7310 * Website: http://tnbear.tn.gov/

Received

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Tennessee

Secretary

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ARTICLES OF ORGANIZATION

OF

VANDERBILT-MAURY RADIATION ONCOLOGY I, LLC

The undersigned, acting as the organizer of a limited liability company under the Tennessee Revised Limited Liability Company Act, as amended, Tennessee Code Annotated Sections 48-249-101, <u>et seq</u>. (the "Act"), hereby adopts the following Articles of Organization (the "Articles") for such limited liability company:

ARTICLE I

The name of the limited liability company is Vanderbilt-Maury Radiation Oncology I, LLC (the "Company").

ARTICLE II

The name and address of the initial registered agent and registered office of the Company shall be David Williams II, Vanderbilt University, 305 Kirkland Hall, Nashville, Davidson County, Tennessee.

ARTICLE III

The Company shall be director-managed.

ARTICLE IV

The principal executive office of the Company is 1301 22nd Avenue South, B-1034, Nashville, Tennessee 37232. The county in which the principal executive office is located is Davidson County, Tennessee.

ARTICLE V

The existence of the Company is to begin upon the filing of the Articles.

IN WITNESS WHEREOF, these Articles of Organization have been executed on this 18th day of June, 2012, by the undersigned organizer of the limited liability company.

Jennifer S. McGugin, Organizer

Exhibit 2 2012 JUN 28 AN 10: 26



June 25, 2012

Ms. Melanie Hill Executive Director Tennessee Health Services and Development Agency 500 Deaderick Street, Suite 850 Nashville, TN 37243

Re: Vanderbilt Health Services d/b/a Vanderbilt Maury Radiation Oncology, LLC, CN1012-053

Dear Ms. Hill:

This letter confirms that Maury Regional Hospital dba Maury Regional Medical Center has on hand sufficient funds to cover its 60% share of the cost of the project referenced above, which is projected to be approximately \$4,400,929.

Thank you for your attention to this matter.

Very truly yours,

Nick A. Swift

Senior Vice President/CFO

Exhibit 3

2012 JUN 28 AM 10: 26

Audited Combined Financial Statements (and Other Information)

Years Ended June 30, 2011 and 2010



Audited Combined Financial Statements

Years Ended June 30, 2011 and 2010

Independent Auditor's Report	1
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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance	
with Government Auditing Standards	27



PERSHING YOAKLEY & ASSOCIATES, P.C.

Certified Public Accountants
One Cherokee Mills, 2220 Sutherland Avenue

Knoxville, TN 37919

p: (865) 673-0844 | f: (865) 673-0173 www.pyapc.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Maury Regional Hospital:

We have audited the accompanying combined balance sheets of Maury Regional Hospital (the Hospital), a part of the primary government of Maury County, Tennessee, as of June 30, 2011 and 2010 and the related combined statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These combined financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal controls over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Maury Regional Hospital as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Maury Regional Hospital has not presented a Management Discussion and Analysis (MD&A) as required by Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Government Units. The MD&A is required supplemental information but not a component of the audited combined financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2011 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant

agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Pershing pully; amuste Pc

Knoxville, Tennessee October 12, 2011

Combined Balance Sheets

	June 30,			
		2011		2010
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$	15,219,864	\$	34,846,832
Certificates of deposit		3,624,301		4,987,211
Investments		514,529		-
Patient accounts receivable, net of estimated		•		
allowance for doubtful accounts of approximately				
\$28,700,000 in 2011 and \$22,500,000 in 2010		32,677,216		28,805,056
Inventories		5,046,752		5,105,451
Prepaid expenses		3,490,160		3,179,010
Other receivables		1,118,346		1,130,794
TOTAL CURRENT ASSETS		61,691,168		78,054,354
ASSETS LIMITED AS TO USE		32,767,160		4,510,579
PROPERTY, PLANT AND EQUIPMENT, net		118,048,697		121,199,400
OTHER ASSETS				
Debt issue costs, net of accumulated amortization of				
\$255,765 in 2011 and \$213,831 in 2010		214,088		256,022
Other		1,105,390		483,378
TOTAL OTHER ASSETS		1,319,478		739,400
u u				
TOTAL ASSETS	<u> </u>	213,826,503		204,503,733

	20,2	June June	30.	
		2011		010
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current portion of long-term debt	\$	4,905,385	\$	4,627,180
Accounts payable and accrued expenses	•	6,845,552		9,321,222
Accrued salaries and wages		4,107,816		4,557,718
Accrued compensated absences		4,598,316		4,313,344
Accrued workers' compensation		3,848,982		3,842,792
Estimated amounts due to third party payors, net		4,166,103		4,379,952
Interest payable		111,781		153,833
TOTAL CURRENT LIABILITIES	77 - 12	28,583,935	3	1,196,041
OTHER LONG-TERM LIABILITIES, including estimated amounts due to third party payors and retirement benefits	8	7,789,688	•	2,183,427
LONG-TERM DEBT				
Bonds payable		24,624,668	2	8,636,698
Other long-term debt		1,086,967		1,817,133
		25,711,635	3	0,453,831
Less current portion		(4,905,385)	(4,627,180)
TOTAL LONG-TERM DEBT		20,806,250	2	5,826,651
COMMITMENTS AND CONTINGENCIES - Note J				
NET ASSETS		81		
Invested in capital assets, net of related debt		92,337,062	9	0,745,569
Unrestricted		64,309,568		4,552,045
TOTAL NET ASSETS		156,646,630		5,297,614
TOTAL LIABILITIES AND NET ASSETS	\$	213,826,503	\$ 20	4,503,733

Combined Statements of Revenue, Expenses and Changes in Net Assets

	Year Ended June 30,			
		2011		2010
OPERATING REVENUE				
Net patient service revenue, net of estimated				
provision for bad debts of approximately				
\$28,720,000 in 2011 and \$31,560,000 in 2010	\$	265,048,059	\$	252,285,547
Other operating revenue	,	5,688,257		5,578,651
TOTAL OPERATING REVENUE		270,736,316		257,864,198
OPERATING EXPENSES				
Salaries, employee benefits and contract labor		148,144,914		145,944,517
Supplies		47,438,501		43,998,068
Purchased services		18,880,640		18,602,536
Professional fees		7,454,792		6,324,695
Repairs and maintenance		3,121,029		2,631,398
Utilities		5,198,079		4,959,102
Leases		4,230,939		3,894,054
Insurance		1,634,243		1,659,421
Other expenses		6,224,790		6,203,546
Depreciation and amortization		17,463,032		16,632,885
TOTAL OPERATING EXPENSES		259,790,959		250,850,222
INCOME FROM OPERATIONS		10,945,357		7,013,976
NONOPERATING REVENUE (EXPENSES)				
Contributions and grants		676,871		628,788
Investment income		697,704		375,950
Interest expense		(1,087,502)		(1,492,981
Other	<u> </u>	20,665		57,039
TOTAL NONOPERATING				
REVENUE (EXPENSES)		307,738		(431,204
EXCESS OF REVENUE OVER EXPENSES		11,253,095		6,582,772
Minority interest in losses of subsidiaries		95,921		214,890
CITALLICE DATA TOTAL ACCORD		11,349,016		6,797,662
CHANGE IN NET ASSETS				
NET ASSETS, BEGINNING OF YEAR		145,297,614		138,499,952

Combined Statements of Cash Flows

	Year Ended June 30,			
		2011		2010
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from patients and insurance programs	\$	266,230,389	\$	263,706,658
Payments to vendors for supplies and other		(96,911,134)		(89,144,506)
Payments to and on behalf of employees		(147,965,732)		(145,153,336)
Other receipts		5,238,454		6,587,824
NET CASH PROVIDED BY				
OPERATING ACTIVITIES		26,591,977		35,996,640
CASH FLOWS FROM NONCAPITAL				
FINANCIAL ACTIVITIES:				
Contributions and grants		676,871		628,788
CASH FLOWS FROM CAPITAL AND RELATED				
FINANCING ACTIVITIES:				
Acquisition of property, plant and equipment		(14,579,937)		(7,337,407)
Proceeds from sale of equipment		666,367		431,787
Proceeds from issuance of long-term debt		266,400		
Payments on long-term debt		(4,841,566)		(7,023,685)
Interest paid on long-term debt		(1,296,584)		(1,512,037)
NET CASH USED IN CAPITAL AND				
RELATED FINANCING ACTIVITIES		(19,785,320)		(15,441,342)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income received on cash and investments		697,704		375,950
Proceeds from maturities of certificates of deposit		8,611,512		1,714,026
Purchase of certificates of deposit		(7,248,602)		(6,100,686
Purchases of investments		(21,365,773)		(4,260,579
Investment in joint venture		(400,000)		(,,=00,0.0
Contribution from minority shareholder		-		73,500
NET CASH USED IN				
INVESTING ACTIVITIES		(19,705,159)		(8,197,789)
INICIDEA CE (DECIDEA CE) DI CACII				
INCREASE (DECREASE) IN CASH		(10 001 (01)		10.006.007
AND CASH EQUIVALENTS		(12,221,631)		12,986,297
CASH AND CASH EQUIVALENTS,				
BEGINNING OF YEAR		34,846,832		21,860,535
CASH AND CASH EQUIVALENTS,				
END OF YEAR	\$	22,625,201	\$	34,846,832

		Year Ende	d Ju	ine 30,
		2011		2010
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINED BALANCE SHEET CLASSIFICATIONS				
Cash and cash equivalents Assets limited as to use	\$ 	15,219,864 7,405,337	\$	34,846,832
	\$	22,625,201	\$	34,846,832
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES: Income from operations	\$	10,945,357	\$	7,013,976
Adjustments to reconcile income from operations to net cash provided by operating activities:	Ф	10,543,337	Ψ	7,013,970
Depreciation and amortization		17,463,032		16,632,885
Estimated provision for uncollectible accounts Changes in:		28,721,811		31,558,791
Patient accounts receivable		(32,593,971)		(24,912,849)
Inventories		58,699		(773,591)
Prepaid expenses		(311,150)		(1,382,151)
Estimated amounts due to third party payors		(213,849)		4,775,169
Other assets		(449,803)		1,009,173
Accounts payable and accrued expenses	2	(2,475,670)		1,284,056
Accrued salaries and wages		(449,902)		411,172
Accrued compensated absences		284,972		318,171
Accrued workers' compensation		6,190		(171,589)
Other long-term liabilities		5,606,261		233,427
TOTAL ADJUSTMENTS		15,646,620		28,982,664
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	26,591,977	\$	35,996,640

Notes to Combined Financial Statements

Years Ended June 30, 2011 and 2010

NOTE A--ORGANIZATION

Maury Regional Hospital (the Hospital) is operated and maintained by Maury County, Tennessee, under authority of and in compliance with the provisions of Chapter 125 of the Tennessee Private Acts of 1996. The federal, state, and local governments participated in the cost of constructing and equipping the Hospital under the Hill-Burton Act. For financial reporting purposes, the Hospital is considered an enterprise fund of Maury County, Tennessee (the County).

The Hospital's primary mission is to provide healthcare services to the residents of southern and middle Tennessee, including Giles, Hickman, Lawrence, Lewis, Marshall, Maury, Perry, Wayne, and Williamson counties.

The combined financial statements include the accounts of the following operating entities:

Maury Regional Medical Center (MRMC), located in Columbia, Tennessee, has been in operation since 1953 and presently has a 275-bed capacity with 20 beds designated for skilled nursing care, and also includes five medical office buildings in its service area.

Marshall Medical Center is an acute care hospital, located in Lewisburg, Tennessee, which was acquired by the Hospital in 1995 and, effective January 1, 2005, was designated a Critical Access Hospital with 25 licensed beds.

Wayne Medical Center is an acute care hospital with an 80-bed capacity located in Waynesboro, Tennessee, and has been leased by the Hospital since 1995 (see Note I).

Additionally, the combined financial statements include the following blended component units that provide healthcare services that support the Hospital's mission:

Family Health Group (FHG) is a nonprofit corporation which acquires, owns, operates, and manages physician practices in the Hospital's service area. During 2010, the Hospital had an 80% interest in the profits and losses of FHG. During 2011, the Hospital acquired the remaining interest and became the sole member.

South Central Heart Group, Inc. (SCHG), Thoracic and Cardiovascular Associates of Tennessee, Inc. (TCAT), and Pulmonary and Critical Care Associates, Inc. are taxable nonprofit corporations that operate physician practices in the Hospital's service area. The Hospital is the sole member of each practice. During 2011, SCHG and TCAT were dissolved and became divisions of MRMC.

Maury Regional Ambulatory Care Center, Inc. (the Ambulatory Care Center) is a nonprofit corporation that provides medical care to non-emergent patients in the Hospital's service area. The Hospital is the sole member of the Ambulatory Care Center.

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE A -- ORGANIZATION - Continued

Spring Hill Imaging Center, LLC (the Imaging Center) owns and operates an outpatient center that provides diagnostic and radiology services to patients in the Hospital's service area. The Imaging Center is owned 51% by the Hospital and a minority interest in the cumulative losses has been recognized as a receivable which represents the interests of physician and other investors.

Maury Regional Healthcare Foundation is a not-for-profit organization formed in 2007 to coordinate the fundraising activities of the Hospital.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting: The Hospital utilizes the enterprise fund method of accounting. Revenue and expenses are recorded on the accrual basis. In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements. This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. This Statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. The requirements of this Statement are effective for periods beginning after December 15, 2011, however, earlier application is permitted and the Hospital adopted the provisions of this Statement during fiscal year 2011. The adoption did not have a material impact on the combined financial statements.

Recently Issued or Effective Accounting Pronouncements: In June 2010, the GASB issued Statement No. 59, Financial Instruments Omnibus. The Statement is effective for years beginning after June 15, 2010 and updates current standards regarding the financial reporting of financial instruments and external investment pools. The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. The requirements of this Statement were adopted by the Hospital in fiscal year 2011 and the adoption did not have a material impact on the combined financial statements.

In November 2010, the GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus. The Statement is effective for financial statement periods beginning after June 15, 2012 and amends Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

State and Local Governments. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Management of the Hospital is evaluating the impact of this Statement on the combined financial statements.

In January 2010, FASB issued Accounting Standard Update 2010-06, Improving Disclosures about Fair Value Measurements, as it relates to FASB Accounting Standards Codification (ASC) 820. This Update provides amendments to FASB ASC 820, Fair Value Measurements, that requires both new disclosures and further clarifies existing disclosures. This Update is effective for years beginning after December 15, 2009, except for disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements, which is effective for years beginning after December 15, 2010. The requirements of this update which were adopted in fiscal year 2011 did not have a material impact on the combined financial statements.

In August 2010, FASB issued Accounting Standard Update 2010-23, Measuring Charity Care for Disclosure, that amends Topic 954, Health Care Entities. This Update provides amendments that require cost to be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care. The amendments in this Update also require disclosure of the method used to identify or determine such costs. This Update is effective for fiscal years beginning after December 15, 2010 and should be applied retrospectively to all periods. Management of the Hospital is evaluating the impact of this Statement on the combined financial statements.

Also, in August 2010, FASB issued Accounting Standard Update 2010-24, Presentation of Insurance Claims and Related Insurance Recoveries, which provides amendments that clarify that a health care entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. Prior to this Update, health care entities were permitted to net insurance recoveries against the accrual of malpractice claims or similar liabilities. This Update is effective for fiscal years beginning after December 15, 2010, and a cumulative-effect adjustment should be recognized in opening net assets in the period of adoption if a difference exists between any liabilities and insurance receivables recorded as a result of applying the amendments in this Update. Management of the Hospital is evaluating the impact of this Update on the combined financial statements but does not anticipate any material impact on operations or net assets upon adoption.

Estimates: The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents: Cash and cash equivalents includes cash on hand, deposits in banks and investments with a maturity of three months or less when purchased, excluding any amounts whose use is limited by Board designation.

Inventories: Inventories consist principally of medical and surgical supplies and are reported at the lower of cost or market, with cost determined by the average cost method.

Patient Accounts Receivable: Patient accounts receivable are reported net of both an estimated allowance for contractual adjustments and an estimated allowance for uncollectible accounts. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, TennCare and other third party payor programs. Current operations are charged with a provision for bad debts estimated based upon the age of the account, prior experience and any unusual circumstances which affect the collectibility. The Hospital's policy does not require collateral or other security for patient accounts receivable and the Hospital routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

Investments and Assets Limited as to Use: Investments and assets limited as to use in debt and equity securities are reported at fair value based on quoted market prices. Interest, dividends, and gains and losses (realized and unrealized) are included in investment income. During 2011, the Board designated certain assets as limited as to use for future capital improvements. Assets limited as to use consists of money market deposits, certificates of deposits, and investments. Certain investments and deposits reported in the 2010 financial statements have been reclassified to reflect this designation for consistency purposes.

Property, Plant and Equipment: Property, plant and equipment is reported at cost or fair value at date of gift, if donated. The Hospital has established a capitalization threshold of \$1,000. Depreciation is calculated by the straight-line method to allocate the cost of the assets (other than land) over their estimated useful lives which ranges from 3 to 20 years for equipment and 10 to 40 years for buildings and land improvements. Equipment held under capital lease obligations is amortized using the straight-line method over the shorter of the estimated useful life or the lease term. This amortization is included with depreciation expense and as part of accumulated depreciation in the combined financial statements. Interest costs incurred on applicable borrowings outstanding during the construction period of capital assets is capitalized as part of the cost of acquiring the asset and is amortized on the same basis as the related capital asset. Costs of maintenance and repairs are charged to expense when incurred. The Hospital periodically reviews property, plant, and equipment for indications of potential impairment. Management does not believe any impairment exists as of June 30, 2011.

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Debt Issue Costs: Debt issue costs are capitalized and amortized using the straight-line method over the life of the related obligation.

Compensated Absences: The Hospital's employees earn paid time off at varying rates depending on years of service. An accrual for paid time off is recorded in the period in which the employee earns the right to the compensation. Employees also earn sick leave benefits based on varying rates depending on years of service and may accumulate sick leave up to a specified maximum. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire after the age of sixty may convert accumulated sick leave to termination payments. The estimated amount of sick leave which will ultimately be payable as termination payments is reported as a noncurrent liability in the combined financial statements. Due to uncertainties in this estimate, it is at least reasonably possible that management's estimate could change in 2012.

Net Assets: Net assets invested in capital assets, net of related debt consist of capital assets net of accumulated depreciation and reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. Unrestricted net assets are remaining net assets that do not meet the definition of invested in capital assets, net of related debt.

Net Patient Service Revenue: Net patient service revenue is reported as services are rendered at estimated net realizable amounts, including estimated retroactive revenue adjustments under reimbursement agreements with third party payors. Estimated settlements under third party reimbursement agreements are accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined. An estimated provision for bad debts is included in net patient service revenue.

Charity Care: The Hospital provides care without charge to patients who meet certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Operating Activities: The Hospital defines operating activities as reported on the Combined Statements of Revenue, Expenses and Changes in Net Assets as those that generally result from exchange transactions, such as payments for providing services and payments for goods and services received. Non-exchange transactions, including contributions and grants, as well as interest income and interest expense, are considered non-operating revenue and expenses.

Contributions and Grants: Revenues from contributions and grants are recognized when all eligibility requirements, including time requirements are met. Contributions and grants may be restricted for specific operating purposes or for capital purposes. Amounts that are unrestricted or

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Income Taxes: The Hospital is a not-for-profit entity in accordance with Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital meets the Internal Revenue Service definition of a governmental unit and is exempt from filing a Form 990 based on Internal Revenue Procedure 95-48. Certain combined entities are taxable for federal purposes and account for income taxes in accordance with FASB ASC 740, Income Taxes. Due to current year and prior year operating losses, no tax expense or benefit has been recognized in the accompanying combined financial statements.

Subsequent Events: The Hospital evaluated all events or transactions that occurred after June 30, 2011 through October 12, 2011, the date the combined financial statements were available to be issued. Management did not note any subsequent events that required recognition or disclosure in the combined financial statements at June 30, 2011.

Reclassifications: Certain reclassifications have been made to the 2010 combined financial statements to conform with the 2011 presentation.

NOTE C--PATIENT SERVICE REVENUE AND ACCOUNTS RECEIVABLE

The Hospital has agreements with various third party payors that provide for payments to the Hospital at amounts different from established rates. The difference between the rates charged and the estimated payments from third party payors is recorded as a reduction of gross patient service charges. Revenue for patient service charges have been adjusted to the amounts estimated to be receivable under third party payor arrangements. Amounts recorded under these contractual arrangements are subject to review and final determination by various program intermediaries. Management believes that adequate provision has been made for any adjustments which may result from such reviews. However, due to uncertainties in the estimates, it is at least reasonably possible that management's estimates will change in 2012. Net patient service revenue for the years ended June 30, 2011 and 2010 was increased by approximately \$900,000 and \$1,050,000, respectively, due to adjustments of estimates or final settlements of prior periods.

A summary of the payment arrangements with significant third party payors follows:

Medicare: Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid primarily on a prospective basis. These rates vary according to a patient classification system that is based on clinical diagnosis, procedures utilized and other factors. The Medicare program continues to reimburse certain other services based on a per diem or on a

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE C--PATIENT SERVICE REVENUE AND ACCOUNTS RECEIVABLE - Continued

percentage of cost up to predetermined limits. The Hospital also receives additional payments from the Medicare program for providing services to a disproportionate share of Medicaid (TennCare) and other low income patients. Approximately \$9,300,000 and \$9,500,000 of net patient accounts receivable are due from the Medicare program at June 30, 2011 and 2010, respectively.

TennCare: The State of Tennessee's Medicaid waiver program (TennCare) provides coverage through several managed care organizations. TennCare reimbursement for both inpatient and outpatient services is based upon prospectively determined rates and per diem amounts. Approximately \$2,500,000 and \$1,900,000 of net patient accounts receivable are from payors under the TennCare program at June 30, 2011 and 2010, respectively. During 2011 and 2010, the Hospital received additional distributions under the TennCare Essential Access, federal matching and other programs totaling approximately \$3,090,000 and \$1,350,000, respectively. Future distributions under these programs are not guaranteed.

Other: The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates, discounts from established charges, and prospectively determined per diem amounts.

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue is as follows:

		Year Ended June 30					
		2011		2010			
Patient service charges	\$	695,178,988	\$	658,588,796			
Estimated contractual adjustments		(388,577,494)		(361,995,480)			
Estimated provision for bad debts		(28,721,811)		(31,558,791)			
Charity care	S 19-2-	(12,831,624)		(12,748,978)			
	\$	265,048,059	\$	252,285,547			

NOTE D--CASH, CASH EQUIVALENTS, CERTIFICATES OF DEPOSIT, INVESTMENTS AND ASSETS LIMITED AS TO USE

The carrying amount of deposits and investments included in the Hospital's balance sheets is as follows:

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE D--CASH, CASH EQUIVALENTS, CERTIFICATES OF DEPOSIT, INVESTMENTS AND ASSETS LIMITED AS TO USE - Continued

e = = = = = = = = = = = = = = = = = = =	-	2011	2010
Deposits Investments	\$	27,805,376 24,320,478	\$ 40,084,043 4,260,579
	\$	52,125,854	\$ 44,344,622

Included in the combined financial statements as follows:

		2011		2010
Cash and cash equivalents	\$	15,219,864	\$	34,846,832
Certificates of deposit		3,624,301		4,987,211
Investments		514,529		: E
Assets limited as to use		32,767,160	1	4,510,579
	\$	52,125,854	\$	44,344,622

The Hospital holds deposits only in banks participating in the State of Tennessee Collateral Pool, in banks that provide collateral for all deposits or banks that are members of the Federal Deposit Insurance Corporation (FDIC). Certificates of deposit in excess of the FDIC insurance limit must be issued by a bank that is a member of the Certificate of Deposit Account Registry Service.

Additionally, the Hospital's deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

At June 30, 2011, the Hospital's bank balances for deposits totaled \$31,526,979, a majority of which was insured by the FDIC or by the bank's participation in the State of Tennessee's collateral pool. Deposits totaling \$1,069,216 are collateralized by securities held by the financial institution and pledged as collateral for the Hospital's deposits.

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE D--CASH, CASH EQUIVALENTS, CERTIFICATES OF DEPOSIT, INVESTMENTS AND ASSETS LIMITED AS TO USE - Continued

The estimated fair values and maturities for investments, all of which were held in the Hospital's name by a custodial bank that is an agent of the Hospital, are as follows:

Carrying	4/6	vestment Mai				
Amount	L	ess than 1		1-5		N/A
\$ 3,455,070	\$	3,455,070	\$		\$	
281,998				* 1 <u>2</u>		281,998
18,572,390		127		18,572,390		150
2,011,020		141		2,011,020		4.
\$ 24,320,478	\$	3,455,070	\$	20,583,410	\$	281,998
\$	\$ 3,455,070 281,998 18,572,390 2,011,020	\$ 3,455,070 \$ 281,998 18,572,390 2,011,020	\$ 3,455,070 \$ 3,455,070 281,998 - 18,572,390 - 2,011,020 -	\$ 3,455,070 \$ 3,455,070 \$ 281,998 - 18,572,390 - 2,011,020 -	\$ 3,455,070 \$ 3,455,070 \$ - 281,998 18,572,390 - 18,572,390 2,011,020 - 2,011,020	\$ 3,455,070 \$ 3,455,070 \$ - \$ 281,998 18,572,390 - 18,572,390 2,011,020 - 2,011,020

June 30, 2010		Carrying	In	vestment Ma				
Investment Type	Amount		· L	ess than 1	1-5	***	N/A	
Mutual funds - fixed income	\$	1,510,731	\$	1,510,731	\$	\$		-
Government agency bonds		2,511,100		0=0	2,511,100		3	*
Corporate bonds		238,748			238,748			•
	\$	4,260,579	\$	1,510,731	\$ 2,749,848	\$		-

Interest Rate Risk: As a means to limiting its exposure to fair value losses by rising interest rates, the Hospital's investment policy limits investment in U.S. treasury securities, government agency bonds or notes, corporate bonds, and municipal bonds to those with maturities of less than five years.

Credit Risk: The Hospital's investment policy restricts investments in corporate bonds and municipal bonds to those with a credit rating of at least AA. Mutual fund's underlying investments must meet the same credit ratings as other investments. At June 30, 2011, the Hospital's investment in corporate bonds and mutual funds were rated AAA by Standard and Poor's.

Concentration of Credit Risk: The Hospital's investment policy limits investments in corporate bonds to 50% of total investments with no security issuer exceeding 5% of total investments and municipal bonds to 25% of total investments with no security issuer exceeding 5% of total investments. There is no limit on investments in U.S. treasury securities, government agency bonds or notes. Mutual funds containing corporate bonds should not exceed 50% of total investments and a single mutual fund should not exceed 25% of total investments.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will be able to recover the value of its investment or collateral. All investments are in the Hospital's name at a custodial bank.

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE E--PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment and related accumulated depreciation for the years ended June 30, 2011 and 2010 is as follows:

	Balance		Additions/	. מ	-din ann anda	7.	Balance
	July 1, 2010	_	Transfers	K	etirements	Ju	ine 30, 2011
Capital assets being depreciated Land improvements	\$ 5,424,616	\$	131,568	\$		\$	5,556,184
Buildings	166,452,249	Ψ	1,423,641	Ψ	(17,312)	Ψ	167,858,578
Equipment	134,045,305		10,060,135		(3,540,865)		140,564,575
Total capital assets being depreciated	305,922,170		11,615,344		(3,558,177)		313,979,337
Less accumulated depreciation for:	(
Land improvements	3,539,538		176,071		-		3,715,609
Buildings	79,331,452		7,166,239		-		86,497,691
Equipment	108,053,533		9,864,265		(3,034,112)		114,883,686
Total accumulated depreciation	190,924,523		17,206,575	_	(3,034,112)		205,096,986
Total capital assets being depreciated, net	114,997,647		(5,591,231)		(524,065)		108,882,351
Capital assets not being depreciated							
Land	5,098,378		1,167,502		=		6,265,880
Construction in progress	1,103,375		1,797,091			-	2,900,466
Total capital assets not being depreciated	6,201,753		2,964,593				9,166,346
Total capital assets, net	\$ 121,199,400	\$	(2,626,638)	\$	(524,065)	\$	118,048,697
	Balance		Additions/				Balance
		_		n	. 45 4		
	July 1, 2009	_	Transfers	R	etirements	Jı	ine 30, 2010
Capital assets being depreciated	July 1, 2009		Transfers		etirements		ine 30, 2010
Land improvements	July 1, 2009 \$ 5,421,136	_	Transfers 3,480	**************************************	etirements - -	<i>J</i> 1	5,424,616
Land improvements Buildings	July 1, 2009 \$ 5,421,136 163,923,772		3,480 2,528,477		-		5,424,616 166,452,249
Land improvements Buildings Equipment	July 1, 2009 \$ 5,421,136 163,923,772 130,844,689		3,480 2,528,477 4,949,339		(1,748,723)		5,424,616 166,452,249 134,045,305
Land improvements Buildings Equipment Total capital assets being depreciated	July 1, 2009 \$ 5,421,136 163,923,772		3,480 2,528,477		-		5,424,616 166,452,249
Land improvements Buildings Equipment Total capital assets being depreciated Less accumulated depreciation for:	July 1, 2009 \$ 5,421,136 163,923,772 130,844,689 300,189,597		3,480 2,528,477 4,949,339 7,481,296		(1,748,723)		5,424,616 166,452,249 134,045,305 305,922,170
Land improvements Buildings Equipment Total capital assets being depreciated Less accumulated depreciation for: Land improvements	July 1, 2009 \$ 5,421,136 163,923,772 130,844,689		3,480 2,528,477 4,949,339		(1,748,723)		5,424,616 166,452,249 134,045,305 305,922,170 3,539,538
Land improvements Buildings Equipment Total capital assets being depreciated Less accumulated depreciation for:	\$ 5,421,136 163,923,772 130,844,689 300,189,597		3,480 2,528,477 4,949,339 7,481,296		(1,748,723)		5,424,616 166,452,249 134,045,305 305,922,170
Land improvements Buildings Equipment Total capital assets being depreciated Less accumulated depreciation for: Land improvements Buildings	\$ 5,421,136 163,923,772 130,844,689 300,189,597 3,360,964 72,154,230		3,480 2,528,477 4,949,339 7,481,296 178,574 7,177,222		(1,748,723) (1,748,723)		5,424,616 166,452,249 134,045,305 305,922,170 3,539,538 79,331,452
Land improvements Buildings Equipment Total capital assets being depreciated Less accumulated depreciation for: Land improvements Buildings Equipment	\$ 5,421,136 163,923,772 130,844,689 300,189,597 3,360,964 72,154,230 100,281,020 175,796,214		3,480 2,528,477 4,949,339 7,481,296 178,574 7,177,222 9,132,507		(1,748,723) (1,748,723) (1,359,994)		5,424,616 166,452,249 134,045,305 305,922,170 3,539,538 79,331,452 108,053,533
Land improvements Buildings Equipment Total capital assets being depreciated Less accumulated depreciation for: Land improvements Buildings Equipment Total accumulated depreciation	\$ 5,421,136 163,923,772 130,844,689 300,189,597 3,360,964 72,154,230 100,281,020 175,796,214		3,480 2,528,477 4,949,339 7,481,296 178,574 7,177,222 9,132,507 16,488,303		(1,748,723) (1,748,723) (1,359,994) (1,359,994)		5,424,616 166,452,249 134,045,305 305,922,170 3,539,538 79,331,452 108,053,533 190,924,523
Land improvements Buildings Equipment Total capital assets being depreciated Less accumulated depreciation for: Land improvements Buildings Equipment Total accumulated depreciation Total capital assets being depreciated, net	\$ 5,421,136 163,923,772 130,844,689 300,189,597 3,360,964 72,154,230 100,281,020 175,796,214		3,480 2,528,477 4,949,339 7,481,296 178,574 7,177,222 9,132,507 16,488,303		(1,748,723) (1,748,723) (1,359,994) (1,359,994)		5,424,616 166,452,249 134,045,305 305,922,170 3,539,538 79,331,452 108,053,533 190,924,523
Land improvements Buildings Equipment Total capital assets being depreciated Less accumulated depreciation for: Land improvements Buildings Equipment Total accumulated depreciation Total capital assets being depreciated, net Capital assets not being depreciated	\$ 5,421,136 163,923,772 130,844,689 300,189,597 3,360,964 72,154,230 100,281,020 175,796,214 124,393,383		3,480 2,528,477 4,949,339 7,481,296 178,574 7,177,222 9,132,507 16,488,303		(1,748,723) (1,748,723) (1,359,994) (1,359,994)		5,424,616 166,452,249 134,045,305 305,922,170 3,539,538 79,331,452 108,053,533 190,924,523 114,997,647
Land improvements Buildings Equipment Total capital assets being depreciated Less accumulated depreciation for: Land improvements Buildings Equipment Total accumulated depreciation Total capital assets being depreciated, net Capital assets not being depreciated Land	\$ 5,421,136 163,923,772 130,844,689 300,189,597 3,360,964 72,154,230 100,281,020 175,796,214 124,393,383 5,098,378		3,480 2,528,477 4,949,339 7,481,296 178,574 7,177,222 9,132,507 16,488,303 (9,007,007)		(1,748,723) (1,748,723) (1,359,994) (1,359,994)		5,424,616 166,452,249 134,045,305 305,922,170 3,539,538 79,331,452 108,053,533 190,924,523 114,997,647 5,098,378
Land improvements Buildings Equipment Total capital assets being depreciated Less accumulated depreciation for: Land improvements Buildings Equipment Total accumulated depreciation Total capital assets being depreciated, net Capital assets not being depreciated Land Construction in progress	\$ 5,421,136 163,923,772 130,844,689 300,189,597 3,360,964 72,154,230 100,281,020 175,796,214 124,393,383 5,098,378 1,247,264		3,480 2,528,477 4,949,339 7,481,296 178,574 7,177,222 9,132,507 16,488,303 (9,007,007)	\$	(1,748,723) (1,748,723) (1,359,994) (1,359,994)	\$	5,424,616 166,452,249 134,045,305 305,922,170 3,539,538 79,331,452 108,053,533 190,924,523 114,997,647 5,098,378 1,103,375

Notes to Combined Financial Statements - Continued

2012 JUN 28 AM 10: 26

Years Ended June 30, 2011 and 2010

NOTE E--PROPERTY, PLANT AND EQUIPMENT - Continued

During 2011 and 2010, the Hospital capitalized interest expense on construction projects totaling approximately \$78,000 and \$28,000, respectively. Construction in progress at June 30, 2011 consists primarily of facility renovations and total estimated costs required to complete construction in progress amounted to approximately \$5,500,000.

NOTE F--LONG-TERM DEBT

Long-term debt consists of the following as of June 30:

	 2011	2010
Bonds Payable: Series 2006B, Maury County General Obligation Bonds issued on behalf of the Hospital, with interest rates from 4.00% to 4.25%, maturing over a 7-year period, with the final payment due June 1, 2014.	\$ 3,775,000	\$ 4,935,000
Series 2006, Maury County General Obligation Bonds issued on behalf of the Hospital, with interest rates from 4.125% to 5.00%, maturing over a 15-year period, with the final payment due June 1, 2021. Series 2005, Maury County General Obligation Bonds issued on behalf of the Hospital, with interest rates from 3.375% to 4.00%, maturing over a 15-year period, with the final payment due June 1, 2020.	14,100,000 2,845,000	15,520,000 3,110,000
Series 2004B, Maury County General Obligation Refunding Bonds issued on behalf of the Hospital, with an interest rate of 5.00%, maturing over a 10- year period, with the final payment due April 1, 2014.	 3,225,000	4,225,000
Total bonds payable Unamortized loss on refunding Unamortized premiums	23,945,000 (106,203) 785,871	27,790,000 (146,030) 992,728
Total bonds payable, net of unamortized loss and premiums	24,624,668	28,636,698

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE	ד מ	ONIC	TEDM	DEDT.	Continued
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	2011	2010
Other Long-term Debt:	 	
Notes payable with interest rates ranging from 6.1% to 6.29% maturing through January, 2014 and secured by equipment and property with a net book value of		
\$40,392 at June 30, 2011	45,573	214,649
Line of credit with interest rate of 5.25% due in 2012, maximum available of \$775,000	710,243	735,243
Capital lease obligations - see Note H	331,151	867,241
Total other long-term debt	1,086,967	1,817,133
	 25,711,635	30,453,831
Less: current portion	4,905,385	4,627,180
	\$ 20,806,250	\$ 25,826,651

The Hospital's bonds payable are general obligation bonds of Maury County, Tennessee. The bonds were issued for the purpose of acquiring property and equipment or for the retirement of previously outstanding bonds and notes and are secured by unlimited ad valorem taxes on all taxable property within the County.

The Series 2006 Bonds maturing on or after June 1, 2017 are subject to redemption prior to maturity at the option of the County on June 1, 2016 or thereafter, at a redemption price of par plus accrued interest. The Series 2004B Refunding Bonds maturing on or after April 1, 2013 are subject to redemption prior to maturity at the option of the County on April 1, 2012 at 102% of par or on April 1, 2013 at 101% of par.

The Hospital's scheduled principal maturities on all long-term debt as of June 30, 2011 (including the capital lease obligations and excluding unamortized premiums and loss on refunding) follows:

	Principal		Interest
\$	4,905,385	\$	1,107,699
	4,119,897		891,315
	4,166,685		712,800
	1,725,000		521,528
	1,735,000		438,328
<u> 2</u>	8,380,000		1,040,979
\$	25,031,967	\$	4,712,649
	********	\$ 4,905,385 4,119,897 4,166,685 1,725,000 1,735,000 8,380,000	\$ 4,905,385 \$ 4,119,897 4,166,685 1,725,000 1,735,000 8,380,000

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE F--LONG-TERM DEBT - Continued

A schedule of changes in long-term debt for the years ended June 30, 2011 and 2010 is as follows:

	J	Balance uly 1, 2010	 dditions/ ortization		Payments/ Maturities	Ju	Balance ine 30, 2011	nounts Due Within One Year
Bonds payable	\$	27,790,000	\$ -	\$	(3,845,000)	\$	23,945,000	\$ 3,910,000
Unamortized loss on refunding		(146,030)	39,827		-		(106,203)	-
Unamortized premiums		992,728	(206,857)		-		785,871	-
Other long-term debt		1,817,133	266,400	_	(996,566)		1,086,967	995,385
	\$	30,453,831	\$ 99,370	\$	(4,841,566)	\$	25,711,635	\$ 4,905,385

	 Balance uly 1, 2009		lditions/ ortization	Payments/ Maturities	Ju	Balance ne 30, 2010	nounts Due Within One Year
Bonds payable	\$ 33,120,000	\$	-	\$ (5,330,000)	\$	27,790,000	\$ 3,845,000
Unamortized loss on refunding	(185,856)		39,826	_		(146,030)	-
Unamortized premiums	1,199,585	5	(206,857)	-		992,728	-
Other long-term debt	3,510,818			(1,693,685)		1,817,133	 782,180
	\$ 37,644,547	\$	(167,031)	\$ (7,023,685)	\$	30,453,831	\$ 4,627,180

NOTE G--EMPLOYEE BENEFIT PLANS

Defined Benefit Plan: Prior to May 1, 1997, all employees of the Hospital were eligible to participate in the Maury Regional Hospital Retirement Plan (the Plan), a single-employer public retirement system (PERS), accounted for as a separate entity from the Hospital. The purpose of the Plan is to provide retirement, death, and certain other benefits to employees as specified in the Plan.

The actuarial method generally employed to determine contributions to the Plan is the entry age normal actuarial cost method. Although it has not expressed any intention to do so, the Hospital has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

The Plan was amended effective May 1, 1997 to stop accrual of benefit service on April 30, 1997 for participants who made an irrevocable election to participate in the Maury Regional Healthcare System 403(b) Plan on May 1, 1997. As of May 1, 2011, 127 participants are earning future service accruals. Employees hired after May 1, 1997, are not eligible to participate in the Plan.

Defined Benefit Plan Funding Policy: Voluntary contributions may not be made by participants. The Hospital's contributions are based on an actuarially determined rate. The Hospital's annual

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE G--EMPLOYEE BENEFIT PLANS - Continued

pension cost for 2011 was \$752,987. The Hospital's net pension obligation to the Plan for 2011 and 2010 was zero. The annual required contribution for the current year was determined as part of the May 1, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions used included the following:

- 8.00% investment rate of return
- projected salary increases ranging from 4.0% to 7.5% per year
- amortization method level dollar amount

Three-Year Trend Information

Fiscal Year	Annual Required Contribution	Percentage Contributed	Pension Obligation
April 30, 2009	\$	- 100.00%	\$
April 30, 2010	785,01	0 100.00%	*
April 30, 2011	752,98	7 100.00%	₩3

A schedule of funding progress for the Plan follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
May 1, 2009*	38,788,798	42,379,105	\$ 3,590,307	91.5%	6,225,197	57.7%
May 1, 2010*	39,793,024	43,271,426	3,478,402	92.0%	5,423,206	64.1%
May 1, 2011*	40,609,452	43,936,214	3,326,762	92.4%	5,061,006	65.7%

^{*}Entry age normal actuarial method utilized for determining the unfunded actuarial liability.

The unfunded actuarial accrued liability is being amortized as a level percentage of covered payroll over 30 years beginning in fiscal 2009.

Defined Contribution Plan: Effective May 1, 1997, the Hospital implemented a defined contribution plan which includes a 403(b) feature and an employer matching provision and covers substantially all hourly and salaried employees. Voluntary contributions may be made by the participants as a percentage of annual compensation not to exceed Internal Revenue Service limits. The Hospital's

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE G--EMPLOYEE BENEFIT PLANS - Continued

contribution consists of a base contribution of 3% of annual covered compensation and a matching contribution equal to 50% of the employees' first 5% of annual compensation contributed. The Hospital's total contributions for the years ended June 30, 2011 and 2010 amounted to approximately \$3,930,000 and \$3,480,000, respectively.

NOTE H--LEASES

Capital Leases: The Hospital leases medical equipment under various capital lease agreements with interest rates ranging from 4.70% to 15.7%. A summary of the leased equipment, which is included in property, plant and equipment, at June 30 is as follows:

	W	2011	2010
Equipment acquired under capital leases Less accumulated amortization	\$	2,169,151 (1,851,470)	\$ 3,145,576 (2,423,938)
	_\$	317,681	\$ 721,638

The following is a schedule of the future minimum lease payments required under capital leases as of June 30, 2011:

Year Ending June 30,		
2012	\$	260,442
2013		74,000
Total minimum lease payments		334,442
Amount representing interest		(3,291)
Present value of minimum lease payments	\$	331,151

Operating Leases: The Hospital also rents office space and equipment under various non-cancelable operating lease agreements with varying terms. Rent expense under operating lease agreements totaled approximately \$4,230,000 and \$3,890,000 for the years ended June 30, 2011 and 2010, respectively. Future minimum lease commitments for all significant non-cancelable operating leases are as follows:

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE H--LEASES - Continued

Year Ending June 30,	
2012	\$ 2,078,055
2013	1,521,022
2014	1,054,259
2015	764,4 79
2016	302,379
Thereafter	(H
	\$ 5,720,194

Leases with Physicians: The Hospital leases office space in its medical office buildings to physicians under non-cancelable operating leases with varying terms. Rental income under these lease agreements totaled approximately \$1,090,000 and \$1,190,000 for the years ended June 30, 2011 and 2010, respectively. Future minimum lease commitments to the Hospital for all significant non-cancelable operating leases are as follows:

Year Ending June 30,	
2012	\$ 963,880
2012	260,601
2013	262,543
	\$ 1,487,024

NOTE I--LEASED HEALTHCARE FACILITIES

Effective July 1, 2005, the Hospital entered into the first of two 5-year renewal options provided under a lease arrangement with the Board of Trustees of Wayne County General Hospital for the operation of several Wayne County healthcare facilities, including the county hospital, nursing home, ambulance service and medical office buildings. The lease also extends to all equipment, improvements, fixtures and related personal property. The annual lease expense under the first renewal consisted of a base rent of \$175,000 and an annual capital improvement commitment of \$175,000. Effective July 1, 2010, the lease was amended to exclude the operations of the nursing home. The annual lease expense, as amended, is \$150,000 for the first year only and an annual capital improvement commitment of \$200,000. The amended lease provides for two five-year renewal options which occur automatically unless the Hospital provides notice of its intent to terminate the lease at least 180 days in advance.

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE J--COMMITMENTS AND CONTINGENCIES

General Liability Claims: The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Hospital maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant losses to the Hospital.

Malpractice Liability Claims: The Hospital is subject to claims and suits arising in the ordinary course of business from services provided to patients. Losses against the Hospital are limited by the Tennessee Governmental Tort Liability Act to \$350,000 for injury or death per person and \$700,000 per occurrence. However, claims against healthcare practitioners are not subject to these limits. The Hospital maintains professional liability insurance on a claims made basis with limits of \$1,000,000 per occurrence with a retention of \$250,000 per claim and a \$3,000,000 annual aggregate with a \$750,000 annual aggregate retention. The Hospital has estimated and recorded a liability for reported claims totaling approximately \$950,000 and \$1,290,000 at June 30, 2011 and 2010, respectively. In management's opinion, the Hospital is currently not a party to any proceeding, the ultimate resolution of which will have a material adverse effect on the Hospital's results of operations or financial condition. The Hospital has not estimated any liability for incurred but not reported claims.

Workers' Compensation Claims: The Hospital is covered for workers' compensation claims through an insurance policy with a deductible of \$500,000 per claim. Management has recorded an accrual for the estimated liability related to claims reported as of June 30, 2011 and 2010. The Hospital has not estimated any liability for incurred but not reported claims.

Healthcare Benefits: The Hospital maintains a partially self-insured healthcare plan to provide reimbursement for covered expenses incurred as a result of illness or injury to covered employees and dependents. Stop-loss insurance is purchased for annual claims per individual exceeding \$250,000 in both 2011 and 2010 with a life time maximum per individual totaling \$750,000. The Hospital has estimated and recorded a liability for healthcare claims incurred but not yet reported totaling approximately \$1,640,000 at both June 30, 2011 and 2010. Employees that retire after attaining age sixty and completing twenty years of service will receive continued coverage under the Hospital's health benefit program until they attain age sixty-five or become eligible for Medicare benefits. The estimated amount of retirement health benefits payable totaled approximately \$270,000 and \$300,000 at June 30, 2011 and 2010, respectively, and is reported as a noncurrent liability in the combined financial statements. Due to uncertainties in the estimate, it is at least reasonably possible that management's estimate could change in 2012.

Healthcare Industry: The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements,

MAURY REGIONAL HOSPITAL

Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE J--COMMITMENTS AND CONTINGENCIES - Continued

reimbursement for patient services, Medicare fraud and abuse and under the provisions of the Health Insurance Portability and Accountability Act of 1996, patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers, such as the Medicare Recovery Audit Contractor Program. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Management believes that any amounts payable related to audits through the Medicare Recovery Audit Contractor program, or similar initiatives, have been estimated and recorded as Other Long-term Liabilities in the combined financial statements and therefore, any additional impact on the combined financial statements will not be significant. However, due to the uncertainties involved, management's estimate could change in the near future.

Healthcare Reform: In March 2010, Congress adopted comprehensive health care insurance legislation, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act. The legislation, among other matters, is designed to expand access to health care coverage to substantially all citizens by 2019 through a combination of public program expansion and private industry health insurance. Changes to existing TennCare coverage and payments are also expected to occur as a result of this legislation. Implementing regulations are generally required as a result of such legislation over a period of several years. Accordingly, the impact of any future regulations is not determinable.

NOTE K--FAIR VALUE OF FINANCIAL INSTRUMENTS

Management believes that carrying value approximates fair value for the majority of the Hospital's financial assets and liabilities. The estimated fair value of bonds payable, which are general obligation bonds of Maury County, is \$24,510,471 and \$28,355,473 at June 30, 2011 and 2010, respectively.

Generally accepted accounting principles establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

• Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

MAURY REGIONAL HOSPITAL

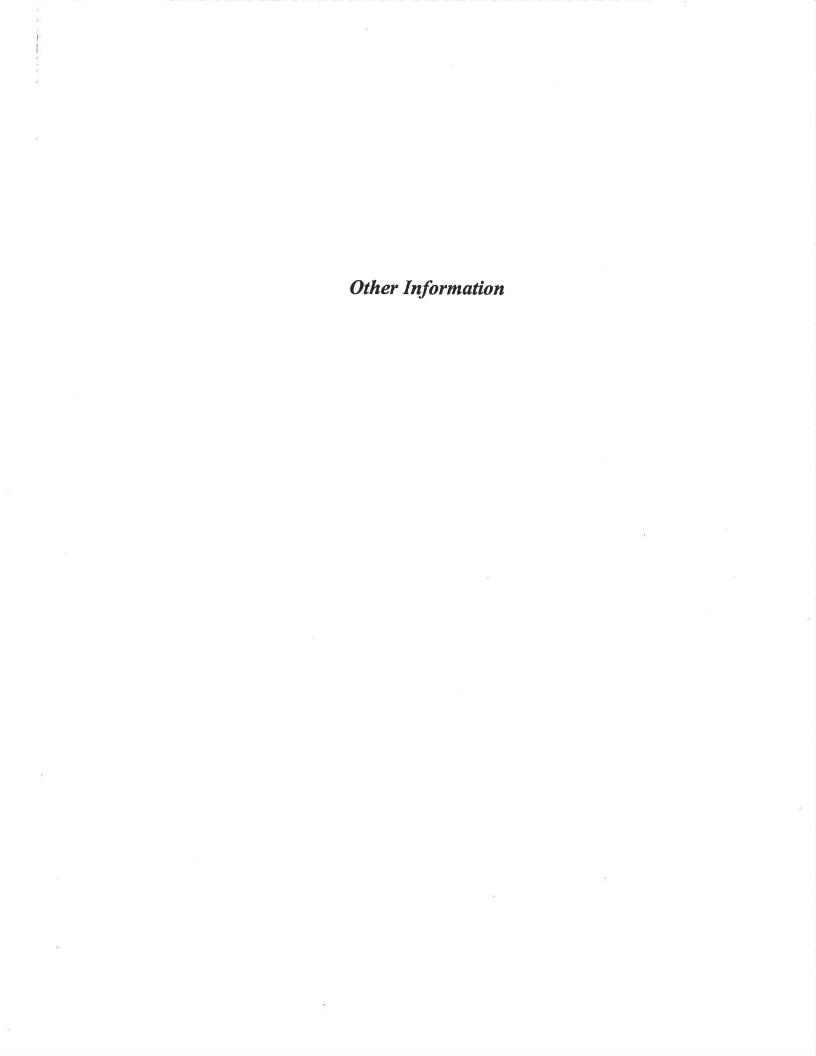
Notes to Combined Financial Statements - Continued

Years Ended June 30, 2011 and 2010

NOTE K--FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Hospital's investments are reported at fair value on a recurring basis based on Level 1 inputs at June 30, 2011.





PERSHING YOAKLEY & ASSOCIATES, P.C.

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Knoxville, TN 37919
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of Maury Regional Hospital:

We have audited the combined financial statements of Maury Regional Hospital (the Hospital) as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated October 12, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's combined financial statements are free of material misstatement we performed tests of its compliance with certain

provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of combined financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management and the Board of Trustees in a separate letter dated October 12, 2011.

This report is intended solely for the information and use of the Board of Trustees, management and the Comptroller of the Treasury, Department of Audit of the State of Tennessee, and is not intended to be and should not be used by anyone other than these specified parties.

Parties Yorky: Amust A

Knoxville, Tennessee October 12, 2011

MAURY REGIONAL MEDICAL CENTER BALANCE SHEET May 31, 2012

	ASSETS	5/31/2012	4/30/2012	5/31/2011
1	CASH & INVESTMENTS	\$21,197,215	\$23,114,063	\$13,620,150
	ACCOUNTS RECEIVABLE			
2	NET PATIENT ACCOUNTS RECEIVABLE	\$25,612,180	\$25,216,544	\$22,918,117
3	ACCOUNTS RECEIVABLE OTHER	\$993,179	\$1,145,172	\$1,372,737
4	INTEREST RECEIVABLE	\$104,030	\$95,575	\$81,763
5	INTERCOMPANY RECEIVABLES	\$988,378	\$990,878	\$14,844,090
6	TOTAL ACCOUNTS RECEIVABLE	\$27,697,767	\$27,448,169	\$39,216,707
		12		
7	INVENTORIES	\$4,662,842	\$4,655,173	\$4,986,762
	¥!			
8	PREPAID EXPENSES	\$2,093,609	\$2,496,125	\$2,180,397
	PROPERTY, PLANT & EQUIP			
9	LAND, BUILDING, & EQUIPMENT	\$314,920,773	\$312,995,204	\$300,507,584
10	LESS: ACCUMULATED DEPRECIATION	\$201,161,794	\$200,045,186	\$187,754,762
11	NET PROPERTY PLANT & EQUIPMENT	\$113,758,979	\$112,950,018	\$112,752,822
	NON-CURRENT ASSETS			
12	ASSETS WHOSE USE IS LIMITED	\$34,085,006	\$34,066,056	\$31,780,350
13	NET INTANGIBLES	\$167,044	\$174,999	\$262,498
14	LONG-TERM RECEIVABLES	\$539,289	\$561,615	\$1,151,893
15	INVESTMENT IN AFFILIATES	\$11,458,010	\$11,325,134	(\$3,477,837)
16	TOTAL ASSETS	\$215,659,761	\$216,791,352	\$202,473,742

MAURY REGIONAL MEDICAL CENTER BALANCE SHEET May 31, 2012

LIABILITIES & DEFERRED CREDITS 17 ACCOUNTS PAYABLE \$5,602,269 \$6,559,076 \$5,689,466 18 PENSION FUND LIABILITY \$60,667 \$0 \$89,819 19 INTERCOMPANY PAYABLES \$665 \$471 \$0 20 OTHER CURRENT LIABILITIES \$700,435 \$1,400,435 \$0 21 ACCRUED SALARIES & WAGES \$3,053,870 \$2,295,350 \$2,490,527 22 ACCRUED PTO PAY \$4,070,096 \$3,964,589 \$3,930,809 23 ACCRUED PAYROLL TAXES \$140,768 \$89,935 \$141,760 24 OTHER PAYROLL DEDUCTIONS \$36,395) \$24,128) \$9,245) 25 ACCRUED INTEREST PAYABLE \$1,909) \$363,647 \$30,937 26 BONDS PAYABLE - SHORT TERM \$4,035,000 \$3,975,000 \$3,910,000 27 NOTES PAYABLE - SHORT TERM \$81,400 \$81,400 \$104,930 28 LIABILITIES & DEFERRED CREDITS \$17,706,866 \$18,705,775 \$16,379,003 29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249		LIABILITIES & EQUITY	5/31/2012	4/30/2012	5/31/2011
17 ACCOUNTS PAYABLE \$5,602,269 \$6,559,076 \$5,689,466 18 PENSION FUND LIABILITY \$60,667 \$0 \$89,819 19 INTERCOMPANY PAYABLES \$665 \$471 \$0 20 OTHER CURRENT LIABILITIES \$700,435 \$1,400,435 \$0 21 ACCRUED SALARIES & WAGES \$3,053,870 \$2,295,350 \$2,490,527 22 ACCRUED PAYROLL TAXES \$140,768 \$89,935 \$141,760 24 OTHER PAYROLL DEDUCTIONS (\$36,395) (\$24,128) (\$9,245) 25 ACCRUED INTEREST PAYABLE (\$1,909) \$363,647 \$30,937 26 BONDS PAYABLE - SHORT TERM \$4,035,000 \$3,975,000 \$3,910,000 27 NOTES PAYABLE - SHORT TERM \$81,400 \$81,400 \$104,930 28 LIABILITIES & DEFERRED CREDITS \$17,706,866 \$18,705,775 \$16,379,003 29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 <td< td=""><td></td><td>LIABILITIES & DECEDDED CREDITS</td><td></td><td></td><td></td></td<>		LIABILITIES & DECEDDED CREDITS			
18 PENSION FUND LIABILITY \$60,667 \$0 \$89,819 19 INTERCOMPANY PAYABLES \$665 \$471 \$0 20 OTHER CURRENT LIABILITIES \$700,435 \$1,400,435 \$0 21 ACCRUED SALARIES & WAGES \$3,053,870 \$2,295,350 \$2,490,527 22 ACCRUED PTO PAY \$4,070,096 \$3,964,589 \$3,930,809 23 ACCRUED PAYROLL TAXES \$140,768 \$89,935 \$141,760 24 OTHER PAYROLL DEDUCTIONS (\$36,395) (\$24,128) (\$9,245) 25 ACCRUED INTEREST PAYABLE (\$1,909) \$363,647 \$30,937 26 BONDS PAYABLE - SHORT TERM \$4,035,000 \$3,975,000 \$3,910,000 27 NOTES PAYABLE - SHORT TERM \$81,400 \$81,400 \$104,930 28 LIABILITIES & DEFERRED CREDITS \$17,706,866 \$18,705,775 \$16,379,003 29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249 31 TOTAL LIABILITIES & OPER FUND BALANCE \$1	47		 \$5,602,260	\$6 550 076	\$5 680 <i>1</i> 66
19 INTERCOMPANY PAYABLES \$665 \$471 \$0 20 OTHER CURRENT LIABILITIES \$700,435 \$1,400,435 \$0 21 ACCRUED SALARIES & WAGES \$3,053,870 \$2,295,350 \$2,490,527 22 ACCRUED PTO PAY \$4,070,096 \$3,964,589 \$3,930,809 23 ACCRUED PAYROLL TAXES \$140,768 \$89,935 \$141,760 24 OTHER PAYROLL DEDUCTIONS (\$36,395) (\$24,128) (\$9,245) 25 ACCRUED INTEREST PAYABLE (\$1,909) \$363,647 \$30,937 26 BONDS PAYABLE - SHORT TERM \$4,035,000 \$3,975,000 \$3,910,000 27 NOTES PAYABLE - SHORT TERM \$81,400 \$81,400 \$104,930 28 LIABILITIES & DEFERRED CREDITS \$17,706,866 \$18,705,775 \$16,379,003 29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249 31 TOTAL LIABILITIES & OPER FUND BALANCE \$199,070,909 \$197,217,862 \$181,554,233 32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509					
20 OTHER CURRENT LIABILITIES \$700,435 \$1,400,435 \$0 21 ACCRUED SALARIES & WAGES \$3,053,870 \$2,295,350 \$2,490,527 22 ACCRUED PTO PAY \$4,070,096 \$3,964,589 \$3,930,809 23 ACCRUED PAYROLL TAXES \$140,768 \$89,935 \$141,760 24 OTHER PAYROLL DEDUCTIONS (\$36,395) (\$24,128) (\$9,245) 25 ACCRUED INTEREST PAYABLE (\$1,909) \$363,647 \$30,937 26 BONDS PAYABLE - SHORT TERM \$4,035,000 \$3,975,000 \$3,910,000 27 NOTES PAYABLE - SHORT TERM \$81,400 \$81,400 \$104,930 28 LIABILITIES & DEFERRED CREDITS \$17,706,866 \$18,705,775 \$16,379,003 29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249 31 TOTAL LIABILITIES & OPER FUND BALANCE \$199,070,909 \$197,217,862 \$181,554,233 32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509			•		
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22 ACCRUED PTO PAY \$4,070,096 \$3,964,589 \$3,930,809 23 ACCRUED PAYROLL TAXES \$140,768 \$89,935 \$141,760 24 OTHER PAYROLL DEDUCTIONS (\$36,395) (\$24,128) (\$9,245) 25 ACCRUED INTEREST PAYABLE (\$1,909) \$363,647 \$30,937 26 BONDS PAYABLE - SHORT TERM \$4,035,000 \$3,975,000 \$3,910,000 27 NOTES PAYABLE - SHORT TERM \$81,400 \$81,400 \$104,930 28 LIABILITIES & DEFERRED CREDITS \$17,706,866 \$18,705,775 \$16,379,003 29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249 31 TOTAL LIABILITIES & OPER FUND BALANCE \$199,070,909 \$197,217,862 \$181,554,233 32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509	20	OTHER CURRENT LIABILITIES			
23 ACCRUED PAYROLL TAXES \$140,768 \$89,935 \$141,760 24 OTHER PAYROLL DEDUCTIONS (\$36,395) (\$24,128) (\$9,245) 25 ACCRUED INTEREST PAYABLE (\$1,909) \$363,647 \$30,937 26 BONDS PAYABLE - SHORT TERM \$4,035,000 \$3,975,000 \$3,910,000 27 NOTES PAYABLE - SHORT TERM \$81,400 \$81,400 \$104,930 28 LIABILITIES & DEFERRED CREDITS \$17,706,866 \$18,705,775 \$16,379,003 29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249 31 TOTAL LIABILITIES & OPER FUND BALANCE \$199,070,909 \$197,217,862 \$181,554,233 32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509	21	ACCRUED SALARIES & WAGES	\$3,053,870	\$2,295,350	\$2,490,527
24 OTHER PAYROLL DEDUCTIONS (\$36,395) (\$24,128) (\$9,245) 25 ACCRUED INTEREST PAYABLE (\$1,909) \$363,647 \$30,937 26 BONDS PAYABLE - SHORT TERM \$4,035,000 \$3,975,000 \$3,910,000 27 NOTES PAYABLE - SHORT TERM \$81,400 \$81,400 \$104,930 28 LIABILITIES & DEFERRED CREDITS \$17,706,866 \$18,705,775 \$16,379,003 29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249 31 TOTAL LIABILITIES & OPER FUND BALANCE \$199,070,909 \$197,217,862 \$181,554,233 32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509	22	ACCRUED PTO PAY	\$4,070,096	\$3,964,589	\$3,930,809
25 ACCRUED INTEREST PAYABLE (\$1,909) \$363,647 \$30,937 26 BONDS PAYABLE - SHORT TERM \$4,035,000 \$3,975,000 \$3,910,000 27 NOTES PAYABLE - SHORT TERM \$81,400 \$81,400 \$104,930 28 LIABILITIES & DEFERRED CREDITS \$17,706,866 \$18,705,775 \$16,379,003 29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249 31 TOTAL LIABILITIES & OPER FUND BALANCE \$199,070,909 \$197,217,862 \$181,554,233 32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509	23	ACCRUED PAYROLL TAXES	\$140,768	\$89,935	\$141,760
26 BONDS PAYABLE - SHORT TERM \$4,035,000 \$3,975,000 \$3,910,000 27 NOTES PAYABLE - SHORT TERM \$81,400 \$81,400 \$104,930 28 LIABILITIES & DEFERRED CREDITS \$17,706,866 \$18,705,775 \$16,379,003 29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249 31 TOTAL LIABILITIES & OPER FUND BALANCE \$199,070,909 \$197,217,862 \$181,554,233 32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509	24	OTHER PAYROLL DEDUCTIONS	(\$36,395)	(\$24,128)	(\$9,245)
27 NOTES PAYABLE - SHORT TERM \$81,400 \$81,400 \$104,930 28 LIABILITIES & DEFERRED CREDITS \$17,706,866 \$18,705,775 \$16,379,003 29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249 31 TOTAL LIABILITIES & OPER FUND BALANCE \$199,070,909 \$197,217,862 \$181,554,233 32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509	25	ACCRUED INTEREST PAYABLE	(\$1,909)	\$363,647	\$30,937
28 LIABILITIES & DEFERRED CREDITS \$17,706,866 \$18,705,775 \$16,379,003 29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249 31 TOTAL LIABILITIES & OPER FUND BALANCE \$199,070,909 \$197,217,862 \$181,554,233 32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509	26	BONDS PAYABLE - SHORT TERM	\$4,035,000	\$3,975,000	\$3,910,000
29 LONG TERM RESERVES \$11,494,651 \$10,981,705 \$8,683,981 30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249 31 TOTAL LIABILITIES & OPER FUND BALANCE \$199,070,909 \$197,217,862 \$181,554,233 32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509	27	NOTES PAYABLE - SHORT TERM	\$81,400	\$81,400	\$104,930
30 OPERATING FUND BALANCE \$169,869,392 \$167,530,382 \$156,491,249 31 TOTAL LIABILITIES & OPER FUND BALANCE \$199,070,909 \$197,217,862 \$181,554,233 32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509	28	LIABILITIES & DEFERRED CREDITS	\$17,706,866	\$18,705,775	\$16,379,003
31 TOTAL LIABILITIES & OPER FUND BALANCE \$199,070,909 \$197,217,862 \$181,554,233 32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509	29	LONG TERM RESERVES	\$11,494,651	\$10,981,705	\$8,683,981
32 BONDS PAYABLE - LONG TERM \$16,588,852 \$19,573,490 \$20,919,509	30	OPERATING FUND BALANCE	\$169,869,392	\$167,530,382	\$156,491,249
	31	TOTAL LIABILITIES & OPER FUND BALANCE	\$199,070,909	\$197,217,862	\$181,554,233
00 TOTAL HADUITIES & FUND DALANOE #045 CEO 704 #046 704 050 #000 470 740	32	BONDS PAYABLE - LONG TERM	\$16,588,852	\$19,573,490	\$20,919,509
33 TOTAL LIABILITIES & FUND BALANCE \$275,059,761 \$276,791,352 \$202,473,742	33	TOTAL LIABILITIES & FUND BALANCE	\$215,659,761	\$216,791,352	\$202,473,742

MAURY REGIONAL MEDICAL CENTER STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FISCAL YEAR 2012

He st	CURRENT MONTH 5/31/2012	%	BUDGET MONTH 5/31/2012	S %	SAME MONTH LAST YEAR 5/31/2011	%	/a	CURRENT YTD 5/31/2012	%	BUDGET YTD 5/31/2012	%	PRIOR YTD 5/31/2011	%
- 0	\$3,160,791 \$18,875,203	5.51% 32.91%	\$3,181,004 \$18,348,531	6.28%	\$3,222,156 \$17,589,856	6.17% 33.68%	I/P REVENUE - ROUTINE I/P REVENUE - ANCILLARY	\$32,988,611 \$192,494,353	5.56% 32.47%	\$36,553,400 \$205,100,481	6.47% 36.32%	\$35,681,748 \$198,920,519	6.56% 36.55%
ω 4 1	\$22,035,994 \$35,315,763	38.42% = 61.58%	\$21,529,535 \$29,158,739	42.47% 57.53%	\$20,812,012 \$31,416,094	39.85% 60.15%	TOTAL I/P REVENUE TOTAL O/P REVENUE	\$225,482,964	38.03% 61.97%	\$241,653,881	42.79% — 57.21%	\$234,602,267 \$309,679,180	43.10% 56.90%
ι I	\$57,351,757	100.00%	\$50,688,274	100.00%	\$52,228,106 1	100.00%	TOTAL GROSS PATIENT REVENUE	\$592,903,833	100.00%	\$564,775,675	100.00%	\$544,281,446 1	100.00%
9 2	\$33,087,977 \$1,359,253	57.69% 2.37%	\$28,976,522 \$996,331	57.17% 1.97%	\$30,458,545	58.32% 1.52%	DEDUCTIONS FROM REVENUE: CONTRACTUAL ALLOWANCES CHARITY DISCOUNTS	\$348,922,607 \$10,450,540	58.85% 1.76%	\$325,683,211 \$11,198,334	57.67% 1.98%	\$314,008,362 \$11,181,996	57.69% 2.05%
al ala 60	\$34,447,230	%90.09	\$29,972,853	59.13%	\$31,254,267	59.84%	TOTAL DEDUCTIONS	\$359,373,147	60.61%	\$336,881,545	29.65%	\$325,190,358	59.75%
െ	\$22,904,527	39.94%	\$20,715,421	40.87%	\$20,973,839	40.16%	NET PATIENT REVENUE	\$233,530,686	39.39%	\$227,894,130	40.35%	\$219,091,088	40,25%
5	\$752,981	3.29%	\$686,305	3.31%	\$701,381	3.34%	OTHER OPERATING REVENUE:	\$8,233,606	3.53%	\$7,549,355	3.31%	\$7,719,791	3.52%
- F	\$23,657,507	103.29%	\$21,401,726	103.31%	\$21,675,221	103.34%	NET OPERATING REVENUE	\$241,764,292 103.53%		\$235,443,485	103.31%	\$235,443,485 103.31% \$226,810,879 103.52%	03.52%
5 5 4 5 4	\$8,022,482 \$2,008,161 \$3,866,299 \$84,876	35.03% 8.77% 16.88% 0.37%	\$7,939,539 \$2,037,131 \$3,698,084 \$51,330	38.33% 9.83% 17.85% 0.25%	\$7,833,089 \$1,994,830 \$3,872,174 \$27,215	37.35% 9.51% 18.46% 0.13%	OPERATING EXPENSE SUMMARY: SALARIES & WAGES BENEFITS SUPPLIES ADVERTISING RENTAL IL FASE EXPENSE	\$87,018,686 \$22,493,337 \$42,943,929 \$536,084	37.26% 9.63% 18.39% 0.23%	\$85,556,168 \$21,546,841 \$41,748,473 \$621,801 \$2,958,436	37.54% 9.45% 18.32% 0.27%	\$83,586,818 \$20,628,964 \$39,544,427 \$566,530	38.15% 9.42% 18.05% 0.26%
2 7 2	\$1,300,205 \$200,812	5.68% 0.88%	\$1,398,494 \$193,875	6.75% 0.94%	\$1,205,788 \$1,205,788 \$368,910	5.75% 1.76%	PURCHASED SERVICES REPAIRS & MAINTENANCE	\$15,347,701 \$2,343,457	6.57% 1.00%	\$15,509,722 \$2,223,654	6.81% 0.98%	\$13,850,503 \$2,367,732	6.32% 1.08%
2 3	\$89,849 \$294,730	0.39%	\$85,866	0.41%	\$34,616 \$396,236	0.17% 1.89%	INSURANCE OTHER OPERATING EXPENSES	\$789,264 \$3,666,029	0.34%	\$1,013,926 \$3,593,496	0.44%	\$993,392 \$3,684,050	0.45% 1.68%
288	\$421,802 \$931,912 \$0	1.84% 4.07% 0.00%	\$328,525 \$824,713 \$0	1.59% 3.98% 0.00%	\$303,514 \$710,560 \$0	1.45% 3.39% 0.00%	UTILITIES PROFESSIONAL FEES MANAGEMENT FEES	\$3,884,612 \$8,804,623	3.77%	\$4,052,755 \$9,093,842 \$0	1.78% 3.99% 0.00%	\$3,895 <u>,614</u> \$6,689 <u>528</u> 7	1.78% 3.05% 0.00%
3 2	\$2,260,439	9.87%	\$2,048,541	9.89%	\$2,183,483	10.41%	PROVISION FOR UNCOLLECTIBLES	\$23,731,550	10.16%	\$23,024,694	10.10%	\$22,265,994	10.16%
55	\$19,713,909	86.07%	\$19,185,481	92.61%	\$19,190,783	91.50%	TOTAL OPERATING EXPENSES	\$214,306,327	91.77%	\$210,943,808	92.56%	\$200,880,996	91.69%
26	\$3,943,598	17.22%	\$2,216,245	10.70%	\$2,484,438	11.85%	NET OPERATING INCOME (LOSS)	\$27,457,965	11.76%	\$24,499,677	10.75%	\$25,929,883	11.84%
27 28 29 29	\$2,254 (\$9,622) (\$291,637)	0.01% -0.04% -1.27%	\$12,908 \$0 (\$164,625)	0.06% 0.00% -0.79%	\$6,915 \$5,471 (\$238,547)	0.03% 0.03% -1.14%	NONOPERATING INCOME (EXPENSE): GENERAL CONTRIBUTIONS GAIN (LOSS) ON ASSET DISPOSAL GAIN (LOSS) ON OTHER INVESTMENTS	\$333,199 (\$68,728) (\$3,860,195)	0.14% -0.03% -1.65%	\$141,988 \$0 (\$1,810,875)	0.06% 0.00% -0.79%	\$25 636 (\$46,046) (\$3,025,205)	0.12% -0.02% -1.43%
္က	(\$299,005)	-1.31%	(\$151,717)	-0.73%	(\$226,161)	-1.08% T	TOTAL NONOPERATING INCOME (EXPENSE)	(\$3,595,724)	-1.54%	(\$1,668,887)	-0.73%	(\$2,915,615)	-1.33%
ار ا	\$3,644,593	15.91%	\$2,064,528	%26.6	\$2,258,277	10.77%	EBIDTA	\$23,862,242	10.22%	\$22,830,790	10.02%	\$23,014,268	10.50%
33 33 33 33 33 33 33 33 33 33 33 33 33	\$14,279 \$27,405 \$76,801 \$1,262,515 \$7,954	0.06% 0.12% 0.34% 5.51% 0.03%	\$45,924 \$47,500 \$78,521 \$1,271,917 \$7,955	0.22% 0.23% 0.38% 6.14%	\$48,166 \$148,595 \$90,739 \$1,282,577 \$7,954	0.23% 0.71% 0.43% 6.12% 0.04%	INTEREST INCOME INVESTMENT INCOME INTEREST EXPENSE DEPRECIATION EXPENSE AMORTIZATION EXPENSE	\$349,227 \$572,749 \$868,167 \$13,005,899 \$37,499	0.15% 0.25% 0.37% 5.57% 0.04%	\$505,164 \$522,500 \$863,731 \$14,392,461 \$87,505	0.22% 0.23% 0.38% 6.32% 0.04%	\$413,581 \$335,029 \$1,002,483 \$14,133,475 \$24,081	0.19% 0.15% 0.46% 6.45% 0.01%
37	\$2,339,006	10.21%	\$799,559	3.86%	\$1,073,768	5.12%	NET MARGIN	\$10,822,652	4.63%	\$8,514,757	3.74%	\$8,602,839	3.93%

STATE OF TENNESSEE Health Services and Development Agency



	cate of Need No. $\underline{\text{CN1012-053A}}$ is hereby granted under the provisions of \S 68-11-1601, et seq ., and rules and regulations issued thereunder by this Agency.
То:	Vanderbilt University Medical Center 1161 21st Avenue South, D3300 MCN Nashville, TN 37232
For:	Vanderbilt Health Services dba Vanderbilt Maury Radiation Oncology LLC
Certific center service medica	certificate is issued for: The relocation of a previously approved but unimplemented cate of Need, CN0804-024A for the establishment of an ambulatory surgical treatment (ASTC), single specialty, limited to the initiation of megavoltage radiation therapy es. The project is for construction of a new freestanding facility and purchase of major all equipment including the acquisition of a linear accelerator with Intensity Modulated ion Therapy (IMRT) capabilities and a computerized tomographic (CT) simulation er.
On the	premises located at: Unaddressed intersection of Saturn Parkway and Port Royal Road Spring Hill (Maury County), TN 37174
For an	estimated project cost of: \$7,980,617.00
	The Expiration Date for this Certificate of Need is
	April 1, 2013
•	n completion of the action for which the Certificate of Need was granted, whichever first. After the expiration date, this Certificate of Need is null and void.
Date A	pproved: February 23, 2011 Chairman
Date Is	ssued: March 23, 2011 Executive Director

Moor, Steve, Business Operations, New Life Physicians

Murray, Pam

Ockerman, Jeff, Director, Health Planning, Tennessee Department of Finance & Administration

Radecic, Keith, CEO, Radiology Alliance, PC

Reed, Ann R., RN, BSN, MBA, Director of Licensure, Tennessee Department of Health

Tally, Sarah Lodge, Esq., Miller & Martin

Taylor, Jerry W., Esq., Farris, Mathews, Bobango, PLC

Totty, Terry, D.C., MUA of Middle Tennesse, LLC

Trauger, Byron R., Esq., Trauger & Tuke

Turk, Alan, Board of Directors, Tennessee Spine & Nerve Institute

Turner, Shelly, CCSO, Medical Center of Manchester

Wojincki, Walter, Vice President, Radiology Alliance, P.C.

Chairman Koella, called the meeting to order at 8:30 a.m. in the Main Auditorium, AT&T Tower, Nashville, Tennessee.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements. Ms. Hill stated that five (5) applications will be presented at the March meeting; April and May meetings will have three (3) applications each; March through June meetings will be held at the AT&T Tower; and the July through December meetings will be held at the Legislative Plaza depending upon when the Legislature adjourns. A brief Legislative update will be given at the end of today's agenda.

OTHER BUSINESS

1) State Health Plan – Jeff Ockerman, Director, Division of Health Planning, Finance & Administration discussed the status of the state health plan.

CONSENT CALENDAR

Melanie Hill summarized the following Consent Calendar applications:

<u>Vanderbilt Health Services dba Vanderbilt Maury Radiation Oncology LLC - (Spring Hill, Maury County)</u>
- <u>Project No. CN1012-053</u>

The relocation of a proposed health care facility in the previously approved but unimplemented Certificate of Need, CN0804-024A. The application is for the establishment of an ambulatory surgical treatment center (ASTC), single specialty, limited to the initiation of megavoltage radiation therapy services. The proposed facility is to be located at the intersection of Saturn Parkway and Port Royal Road, south of Reserve Boulevard, Spring Hill (Maury County), TN. The project is for construction of a new freestanding facility and purchase of major medical equipment including the acquisition of a linear accelerator with Intensity Modulated Radiation Therapy (IMRT) capabilities and a computerized tomographic (CT) simulation scanner. Project Cost \$7,980,617.00.

Dan H. Elrod, Esq., representing the applicant, was present to address the Agency. Present on behalf of the project were: Ronald W. Hill, Vice President, Strategic Development; and Ginna Felts, Planning Associate, Strategy Development, Vanderbilt University Medical Center.

Dr. Handorf moved for approval of the project based on Ms. Hill's presentation: 1) Need –The need for the project was determined at the July 23, 2008 Agency meeting and further proven by the extension granted at the August 25, 2010 Agency meeting. The need to relocate the project from the previously approved site which was part of a business park which has not developed as anticipated to a site which is in close

proximity to a medical office development by Maury Regional Hospital has been established. The relocation is eight tenths of a mile from the original location. As part of the medical office park being developed by Maury Regional Hospital which is proposed to be a future joint venture partner, this location should be more suitable for the patients that will utilize the facility and equipment because it provides easier access to other medical services than the business park did; 2) Financial Feasibility – The project is feasible through cash reserves of Vanderbilt University Medical Center. A positive cash flow is projected in year one; and 3) Contribution to the Orderly Development of Healthcare is met. The existing linear accelerators at Maury Regional are well-utilized. This project will locate a National Cancer Institute affiliated center in a local community and will have an open staff model that will permit local physicians affiliated with Maury Regional to staff the facility in conjunction with Vanderbilt staff. Vanderbilt's experience in its other satellite cancer centers in conjunction with the hospital and medical communities in Franklin and Clarksville has proven to be effective. Both Vanderbilt and Maury Regional and their physicians are committed to the TennCare program. Ms. Weaver seconded the motion. The motion CARRIED [11-0-0]. APPROVED

AYE: Jordan, Wright, Burns, Johnson, Lammert, Handorf, Gaither, Weaver, Southwick, Jones,

Koella

NAY: None

Coffee County Hospital Group dba Medical Center of Manchester - (Manchester, Coffee County) - Project No. CN1012-054

The increase of magnetic resonance imaging (MRI) services from a two (2) day per week mobile service to a fixed site MRI scanner. The facility plans to renovate space within the Medical Center of Manchester Pavilion and move MRI services across the street to 482 Interstate Drive, Manchester (Coffee County), TN. There will be interior renovation for the project within the Pavilion of approximately 1,680 square feet. This project was originally approved under Certificate of Need, CN0607-049AE, but expired prior to implementation. Project Cost \$1,443,014.00.

Bobby Couch, Chief Executive Officer, was present on behalf of the project.

Mr. Lammert moved for approval of the project based on Ms. Hill's presentation: 1) Need –The project was 80% complete with the MRI installed in November. The Department of Health inspection was not able to be scheduled prior to the expiration date of the CON. This is the only provider in the service area without a full-time MRI; 2) Financial Feasibility – The project has been funded from cash from operations to date. The completion will be funded by cash reserves, ongoing operating funds and a leasing agreement with Toshiba for the MRI equipment. It is more economical for the hospital to move to a fixed MRI than add additional days to the mobile MRI service; and 3) Contribution to the Orderly Development of Healthcare – This is a small 25-bed critical access hospital without access to a full-time MRI. The hospital followed an orderly progression when instituting the MRI service by first requesting a one day a week service and then progressing to two days. The hospital is a TennCare provider. Ms. Burns seconded the motion. The motion CARRIED [11-0-0]. APPROVED

AYE: Jordan, Wright, Burns, Johnson, Lammert, Handorf, Gaither, Weaver, Southwick, Jones,

Koella

NAY: None

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Speaking in support of the project was Gary Scott, Vice President, Perioperative Services, University of Tennessee Medical Center. Present in support were: Norman Majors, Sr. Vice President/CAO, University of Tennessee Medical Center; Teresa Levey, Vice President, University Health System; and Gary Thomas, Vice President, Compliance & Accreditation, University of Tennessee Medical Center.

Ms. Burns moved for approval of the project based on: 1) Need – There is a need based upon the comments presented, the volumes of surgeries they do, and the need to upgrade their facility; 2) Economic Feasibility – The project is economically feasible and cash reserves are available; and 3) The project does contribute to the orderly development of adequate and effective health care. Mr. Lammert seconded the motion. The motion CARRIED [10-0-0]. APPROVED

AYE: Jordan, Wright, Burns, Lammert, Handorf, Weaver, Johnson, Gaither, Southwick, Koella

NAY: None

GENERAL COUNSEL'S REPORT

Reid Brogden summarized the following request for modification:

Vanderbilt Health Services d/b/a Vanderbilt Maury Radiation Oncology, L.L.C. - (Spring Hill, Maury County) - Project No. CN0804-024A

Request for a six (6) month extension of the expiration date from September 1, 2010 to March 1, 2011. This project was approved on July 23, 2008 for the establishment of an ambulatory surgical treatment center (ASTC), single specialty, limited to the initiation of megavoltage radiation therapy services and the acquisition of a linear accelerator. The project cost is \$7,385,128.00.

Ronald W. Hill, Vice President, Strategic Development, addressed the Agency on behalf of the request.

Dr. Handorf moved for approval of the extension of the expiration date warranted on developmental potential of new partners through this project as well as economic vagaries. The expiration date is to be extended by eighteen (18) months from September 1, 2010 to March 1, 2012. Mr. Wright seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Wright, Burns, Lammert, Handorf, Weaver, Johnson, Gaither, Southwick, Koella

NAY: None

CONTESTED CASE

Mr. Brogden provided an update on contested cases.

OTHER BUSINESS

AUDIT COMMITTEE -- ELECTION OF AUDIT COMMITTEE CHAIR AND VICE-CHAIR

Audit Committee will meet immediately after the scheduled August 25, 2010 Agency meeting.

Election of Audit Committee Chair:

Ms. Hill opened the floor for nominations for Audit Committee Chair:

Mr. Jones nominated by Dr. Handorf. Mr. Lammert seconded. The motion carried by unanimous voice vote [10-0-0].

AYE: Jordan, Wright, Burns, Lammert, Handorf, Weaver, Johnson, Gaither, Southwick, Koella

NAY: None

HEALTH SERVICES AND DEVELOPMENT AGENCY * MINUTES

June 27, 2012

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chair
Johnson, D. Lynn, Vice-Chair
Doolittle, Robert S.
Haik, Barrett, M.D.
Lammert, Gregory
Southwick, William
Wright, James
Gaither, Keith, designee for the TennCare Director
Jordan, Lisa, designee for the Commissioner of Commerce and Insurance
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Burns, Charlotte

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director Bobbitt, Melissa, Administrative Services Assistant III Christoffersen, Jim, General Counsel Craighead, Alecia, Statistical Analyst III Farber, Mark, Assistant Executive Director Finchum, Rhonda, Director of Administrative Services Wells, Phil, Health Planner III

COURT REPORTER

Deen, Meschelle Manley

GUESTS PRESENT

Anderson, Reggie, M.D., Medical Director, Rainbow Home Health, LLC Asher, Jordin, M.D., Medical Director, Mission Point Health Partners Ashley, Cindy, RN, Hearth, LLC Austin, Candice, RN, Administrator, NHC HomeCare Ayers, Jessie, Rainbow Home Health, LLC Ayers, Daniel, CEO, Rainbow Home Health Babbs, Janice, Vanderbilt University Medical Center Bailey, Donna Baker, Brenda Baker, Graham, Jr., Esq. Bates, Vicki L., Administrator/Owner, Rainbow Home Health, LLC Boulware, Amy, Director of Social Services, Jewish Federation of Greater Chattanooga Brand, Bryan, President, Vanderbilt Imaging Services Branding, Lisa, Vanderbilt University Medical Center Brent, Michael D., Esq., Bradley Arant Boult Cummings, LLP Brooksbank, Bobby, Director of Marketing, Hospice of Chattanooga

HEALTH SERVICES AND DEVELOPMENT AGENCY JUNE 27, 2012 Brotherton, Matthew, Esq., Kramer Rayson, LLC

Brown, Laura Beth, RN, Vice President, Vanderbilt Home Care Services, Inc.

Calendine, Chad, M.D., President, Middle Tennessee Imaging

Cannon, Bobbye

Cary, Jim, Vanderbilt Imaging Services

Chabrew, Jaysan, Analyst, Outpatient Imaging Affiliates, LLC

Chadwell, Liz, NP, Home Health Care of East Tennessee, Inc. & Hospice

Cieutat, Ron, CEO, Hemophilia Preferred Care of Memphis

Clay, Valencia, M.D., National Medical Director, Gentiva Hospice

Cutshall, Alyson, Vice President of Sales, Caris Healthcare

Dadswell, Mike, Caris Healthcare

Daves, Jada, M.D., President, Positive Results

Duncan, Bruce, Vice President, National HealthCare Corporation

Duncan, Deanna, M.D., Hearth, LLC

Duncan, Sandi

Edens, Eric, Comp. Officer, Caris Healthcare, LP

Elrod, Dan H., Esq., Butler Snow

Floyd, Hon. Richard, State Representative

Forshee, Wilma Joy, Acting DON, Rainbow Home Health, LLC

Galbreath, Jay, St. Thomas Health

Gann, Sabrina, Vice President, Amedisys

Gaw, Mark, CFO, Middle Tennessee Imaging, LLC

Gebele, M., RN, Morning Pointe

Gee, Michelle, Area Vice President, Amedisys

George, Rev. William, CAO, Collins Chapel Health & Rehabilitation Center

Gooch, Warren L., Esq., Kramer Rayson, LLP

Graves, Diana, Administrator, NHC HomeCare, Somerville

Hammond, T.

Harris, Mary Beth, Regional, NHC

Harris, Vickie, Continuum Connexions

Hendricks, Teresa, Div. of Health Statistics, Office of Policy, Plng. & Assessment, Tenn. Dept. of Health

Hill, Ronald, Vice President, Strategic Development, Vanderbilt University Medical Center

Hodge, Elisha, Esq., Tennessee Comptroller's Office

Houchin, Barbara, Executive Director, Planning, Saint Thomas Health Services

Houston, Lee, RN, Hemophillia Preferred Care of Memphis

Hudson, Angela, RN, Regional Administrator, NHC

Huhn, Sarah, Rainbow Home Health, LLC

Huhn, Steve, Medicare-CPA, Rainbow Home Health, LLC

Jones, Chris, Vice-President of Operations, SunCrest Home Health

Keith, Lisa, RN, Hearth Hospice

Key, Ashley, Administrator, Hemophillia Preferred Care of Memphis

Kircher, Rosemary, RN, Comp. Officer, Caris Healthcare, LP Lee, Charles, COO, Hospice of Chattanooga

Lepley, Stephen, D.Ph., Hearth, LLC.

Limbaugh, Pat, Director, NHC HomeCare

Limyansky, Robert, Partner, The Strategy House, Inc.

Lively, Deborah, Tennessee Health Care Association

Long, Ashley, Area Vice President, Amedisys

Mac, Garry, Senior Vice President, Hospice of Chattanooga

Martin, Mariam, Reporter, Times Free Press

McLaughlin, Amy C., RN, Administrator, Home HealthCare of Middle Tennessee

Melvin, Terry A., Medical Director, Hospice of Chattanooga

Merville, LaDonna, Vice President, Hospital Alliance of Tennessee Miller, Julie, COO, Williamson Medical Center

Mills, Thom

Moreland, Michael, CEO, Premier Radiology

Nelson, Erik, Consultant, The Strategy House

Ockerman, Jeff, Director, Division of Health Planning, Tennessee Department of Finance & Administration HEALTH SERVICES AND DEVELOPMENT AGENCY

JUNE 27, 2012

Owens, Pam Rudd, Director, Home Care Clinical Services, NHC

Peach, Thomas, AVM, Butler Snow

Pendley, Bruce Allen, M.D., Medical Director, In Good Health, L.L.C.

Phillips, Brant, Esq., Bass Berry & Sims, PLC

Pryor, Karen, M.D., Rainbow Home Health, LLC

Reed, Ann, R., RN, BSN, MBA, Director of Licensure, Div. of Health Care Facilities, Tenn. Dept. of Health

Richey, Laura Ruth, R. Scott, President/CEO, Home Health Care of East Tennessee, Inc. & Hospice

Sigmund, Barbara, CMA

Sitton, Winston B., Esq., Sitton & Associates

Soucie, Laverna, RN, Hospice of Chattanooga

Spalding, Betty

Stansbury, Mary Anne, RN, CCM, Home Health Care of East Tennessee, Inc. & Hospice

Tally, Sarah Lodge, Esq., Butler Snow

Townsend, Brenda, RN

Trauger, Byron R., Esq., Trauger & Tuke

West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz

White, Darrell, RN, CNO, TriStar Ashland City Medical Center

Williams, Joann, RN, Hearth, LLC

Wolff, Oscar, Vanderbilt University Medical Center

Chairman Koella called the meeting to order at 8:30 a.m. in Meeting Room 12, of The Legislative Plaza, Nashville, Tennessee.

Chairman Koella requested a moment of silence in honor of Barbara Houchin's husband, Tom, who passed away recently. Ms. Houchin is with Saint Thomas Health Services.

Ms. Hill and Vice-Chair Johnson commented about departing members, Mr. Koella and Mr. Lammert. Mr. Johnson summarized Chairman Koella's years of service and presented him with a crystal gavel from board members and staff.

Mr. Koella summarized his 14 years of service to the HSDA and its predecessor, the Health Facilities Commission. He expressed his appreciation to both present and past board members and agency staff and thanked all for the gift.

Ms. Hill summarized Mr. Lammert's 8 years of service and presented him with a crystal engraved paperweight from board members and staff.

Mr. Lammert expressed his appreciation to members and staff, and thanked everyone.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements regarding the following:

- 1) Instructions were provided for those providing testimony on the scheduled agenda items;
- 2) Number of applications scheduled for upcoming meetings -- two (2) for July, five (5) for August and possibly seven (7) for September;
- 3) There will be two (2) new members effective July 1, 2012. Thom Mills has been appointed by Governor Haslam to the home care position. Claudia Byrd has been appointed by Lieutenant Governor Ron Ramsey as a consumer representative.
- 4) At the conclusion of the July meeting there will be an In-service meeting -- Art Hayes, State Audit Director, will do a brief presentation. Other topics/speakers may be added as well; and
- 5) July through December meetings will be held in Room 12 at the Legislative Plaza.

STATE HEALTH PLAN UPDATE

Jeff Ockerman, Division of Health Planning, Finance & Administration stated the following:

- 1) The ASTC CON criteria and standards questionnaire has been released for comments and the deadline for response has been extended to August 1, 2012;
- 2) The hospice CON criteria and standards questionnaire is nearly ready for release for comments and research has begun on the mental health CON criteria and standards questionnaire.
- 3) Mr. Ockerman expressed his appreciation to Mr. Koella and Mr. Lammert for their service.

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Hemophilia Preferred Care of Memphis - (Memphis, Shelby County) - Project No. CN1201-002

The establishment of a home care organization to provide home health services limited to serving those patients suffering from hemophilia or similar blood disorders who are also patients of the pharmacy operated by Hemophilia Preferred Care of Memphis at 852 South Cooper Street, Memphis (Shelby County), TN. The service area will be Shelby County. Project Cost \$43,000.00.

William H. West, Esq., representing the applicant, addressed the Agency. Ron Cieutat, CEO, spoke on behalf of the project.

Speaking in opposition was Pamela Rudd Owens, Director of Home Care, NHC HomeCare.

Mr. West rebutted.

Ms. Owens provided summation for the opposition.

Mr. West provided summation for the applicant.

Mr. Johnson moved for approval of the project which provides for the establishment of a home health care organization, the initiation of home health care services **limited to blood disorder related care and education of Shelby County patients suffering from hemophilia and similar blood disorders including Von Willebrand disease; hypoprothrombinemia and dysfibrinogenemia,** and their families who are patients of the pharmacy operated by Hemophilia Preferred Care of Memphis. 1) Need – The need is already there as there are twenty-five (25) to thirty (30) potential patients in Shelby County per year that have been served by the pharmacy but not necessarily served by anyone else in the home health care business, so the need has been established. The normal health care guidelines do not fit this function, so the need is outside that; 2) Economic Feasibility – The project is economically feasible as financing is available through cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care as there is currently no competition and it will provide a less costly option for the patient. Mr. Southwick seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Wright, Doolittle, Lammert, Johnson, Gaither, Weaver, Haik, Southwick, Koella

NAY: None

Collins Chapel Health & Rehabilitation Center - (Memphis, Shelby County) - Project No. CN1202-011

The establishment of a nursing home with twenty-eight (28)* Medicare skilled nursing facility beds. Collins Chapel Connectional Hospital is a non-profit religious corporation affiliated with and a ministry of the Christian Methodist Episcopal Church. It proposes to establish this nursing home to provide skilled nursing facility services. Project Cost \$1,626,331.00. *These beds are subject to the 2011-2012 Nursing Home Bed Pool.

William H. West, Esq., representing the applicant, addressed the Agency. Rev. William George, CAO, Collins Chapel Health & Rehabilitation Center spoke on behalf of the project.

Mr. Southwick moved for approval of the project for the establishment of a twenty-eight (28)-bed skilled nursing facility in which all beds will be dually certified for Medicare and Medicaid. 1) Need – The applicant has demonstrated need, it sits in an area where the need has been identified in a specific geographic region; 2) Economic Feasibility - The project is economically feasible as cash reserves of the applicant are available; and 3) The project does contribute to the orderly development of adequate and effective health care by allowing this applicant to reinstate services it previously served. Mr. Doolittle seconded the motion. The motion CARRIED [10-0-0]. APPROVED

Jordan, Wright, Doolittle, Lammert, Johnson, Gaither, Weaver, Haik, Southwick, Koella AYE:

NAY: None

Rainbow Home Health, LLC - (Ashland City, Cheatham County) - Project No. CN1203-013

The establishment of a home care organization to provide home health services in Cheatham County. The office is to be located at 112 Frey Street, Ashland City (Cheatham County), TN 37015. Project Cost \$27,950.00.

Present in support of the project were: Wilma Joy Forshee, Acting DON; Vicki L. Bates, Administrator/Owner, Rainbow Home Health, LLC; Steve Huhn, Medicare-CPA, Rainbow Home Health, LLC; Darrell White, RN, CNO, TriStar Ashland City Medical Center; Karen Pryor, M.D., Rainbow Home Health, LLC; and Reggie Anderson, M.D., Medical Director, Rainbow Home Health, LLC.

Present in opposition were: Pamela Rudd Owens, Director of Home Care, NHC HomeCare; and Chris Jones, Vice-President of Operations, SunCrest Home Health.

Mr. Christoffersen and Chairman Koella advised the agency that the current lease was restricted to residential use and that the proposed home health agency was obviously a business. Joy Forshee, representing the applicant, asked that the application be deferred to later in the day so that Rainbow Home Health could try to get the issue resolved. Chairman Koella moved it to the heel of the agenda but later advised the agency that he had been informed the issue could not be resolved before the end of the day. The vote to defer the application was taken out of order during a pause from hearing Premier Radiology Edmondson Pike; Mr. Southwick did not vote because he had recused himself on Premier Radiology Edmondson Pike, but not from Rainbow Home Health.

Mr. Johnson moved for deferral of the project to the July meeting. Mr. Doolittle seconded the motion. The motion CARRIED [9-0-0]. DEFERRED

Jordan, Wright, Doolittle, Lammert, Johnson, Gaither, Weaver, Haik, Koella

NAY: None

Mr. Southwick recused.

Premier Radiology Edmondson Pike - (Brentwood, Davidson County) - Project No. CN1203-014

The relocation of the ODC from 4928 Edmondson Pike, Nashville (Davidson County), TN 37211 to 789 Old Hickory Blvd, Brentwood (Davidson County), TN 37027. As part of the relocation, one (1) existing MRI scanner and one (1) existing CT scanner will be replaced. In addition to the MRI and CT scanning services currently offered, the facility will add equipment to provide radiographic/fluoroscopic imaging, ultrasound imaging, digital mammography, and bone densitometry. Project Cost \$4,005,878.00.

Warren L. Gooch, Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: Jordin Asher, M.D., Medical Director, Mission Point Health Partners; and Chad Calendine, M.D., Premier Radiology. Present were: Robert Limyansky, Partner, The Strategy House, Inc.; Michael Moreland, CEO. Premier Radiology, Mark Gaw, CFO, Middle Tennessee Imaging, LLC; Jay Galbreath, St. Thomas Health; and Barbara Houchin, Executive Director, Planning, Saint Thomas Health Services.

Speaking in opposition were: Brant Phillips, Esq. representing Vanderbilt Imaging Services; Bryan Brand, President, Vanderbilt Imaging Services; and Ronald Hill, Vice President, Strategic Development, Vanderbilt University Medical Center. Present was: Julie Miller, COO, Williamson Medical Center.

Mr. Gooch rebutted.

Mr. Phillips provided summation for the opposition.

Mr. Gooch provided summation for the applicant.

Mr. Johnson moved for approval of the project for the relocation of the ODC from Edmondson Pike to the Old Hickory Boulevard site in Brentwood. As part of the relocation, one (1) existing MRI scanner and one (1) existing CT scanner will be replaced. 1) Need – The need doesn't really change. The need is what it is. They get referrals now. They will continue to get the same referrals, perhaps more, but at least those referrals from the existing physicians that service that area now; 2) Economic Feasibility – The project is economically feasible through a commercial loan that seems to be in order and is suitable to the project; and 3) The project does contribute to the orderly development of adequate and effective health care because it will provide better access for patients. The existing facility is not adequate to continue as it is and to grow, and this facility will better serve the patients. Mr. Wright seconded the motion. The motion CARRIED [7-1-1]. **APPROVED**

AYE: Jordan, Wright, Doolittle, Johnson, Gaither, Weaver, Haik

NAY: Koella ABSTAINED: Lammert

Hearth, LLC - (Chattanooga, Hamilton County) - Project No. CN1203-015

The establishment of a home care organization to provide hospice services serving Bledsoe, Bradley, Hamilton, McMinn, Marion, Meigs, Polk, Rhea and Sequatchie Counties located at 1800A Rossville Avenue, Suite 7, Chattanooga (Hamilton County), TN 37408-1912. Project Cost \$487,000.00.

E. Graham Baker, Jr., Esq., representing the applicant, addressed the Agency. Speaking in support were: Deanna Duncan, M.D., Owner, Hearth, LLC; Hon. Richard Floyd, State Representative; Valencia Clay, M.D., National Medical Director, Gentiva Hospice; Bruce Allen Pendley, M.D., Medical Director, In Good Health, L.L.C.; Amy Boulware, Director of Social Services, Jewish Federation of Greater Chattanooga; Brenda Townsend, RN; and Stephen Lepley, D.Ph., Hearth, LLC.

Speaking in opposition of the project were: Dan H. Elrod, Esq., representing Hospice of Chattanooga; Michelle Gee, Area Vice President, Amedisys; R. Scott Ruth, President/CEO, Home Health Care of East Tennessee, Inc. & Hospice; Alyson Cutshall, Vice President of Sales, Caris Healthcare; Charles Lee, COO, Hospice of Chattanooga; and Mike Dadswell, Caris Healthcare. Present were: Terry A. Melvin, Medical Director, Hospice of Chattanooga; Mary Anne Stansbury, RN, CCM, Home Health Care of East Tennessee, Inc. & Hospice; and Liz Chadwell, NP, Home Health Care of East Tennessee, Inc. & Hospice.

Mr. Baker and Dr. Duncan rebutted.

Mr. Elrod provided summation for the opposition.

Mr. Baker provided summation for the applicant.

Mr. Johnson moved for approval of the project for establishing a home health care organization and initiate hospice services in Bledsoe, Bradley, Hamilton, McMinn, Marion, Meigs, Polk, Rhea and Sequatchie Counties. 1) Need – With the growing age, in that area as well as many areas of the State, the need for this product will be greater than it is today. The median, which is in the middle, number of weeks is three (3) and that means half of the people are getting three (3) or less and that is not a long time service for the patient; 2) Economic Feasibility – The project is economically feasible with personal wealth and loans that have come forward not being a problem as there is a high likelihood of success when people put their personal wealth out there instead of a corporation that has substantial wealth in the background; and 3) The

project does contribute to the orderly development of adequate and effective health care as it will serve patients better. Ms. Weaver seconded the motion. The motion CARRIED [7-3-0]. **APPROVED**

AYE: Wright, Doolittle, Johnson, Gaither, Weaver, Haik, Koella

NAY: Jordan, Lammert, Southwick

GENERAL COUNSEL'S REPORT

Jim Christoffersen summarized the following CON modification requests:

Wang Vision Cataract Surgery Center, LLC - (Nashville, Davidson County) - Project No. CN1004-015A

Request for a two (2) year extension of the expiration date from September 1, 2012 to September 1, 2014. This project was approved on October 27, 2010 for The establishment of an ambulatory surgical treatment center (ASTC) limited to ophthalmic procedures with two (2) operating rooms. The project cost is \$2,199,187.00.

Winston B. Sitton, Esq., representing the applicant, was present.

Mr. Doolittle moved for approval of the extension of the expiration date for CN1004-015A from September 1, 2012 to September 1, 2014. Mr. Johnson seconded the motion. The motion CARRIED [8-0-2]. **APPROVED**

AYE: Jordan, Wright, Doolittle, Lammert, Johnson, Gaither, Weaver, Koella

NAY: None

ABSTAINED: Haik, Southwick

NHC HealthCare, Tullahoma - (Tullahoma, Coffee County) - Project No. CN1007-030A

Request for a twelve (12) month extension of the expiration date from December 1, 2012 to December 1, 2013. This project was approved on October 27, 2010 for the relocation of Certificate of Need CN0807-050A comprised of sixty (60) nursing home beds, and the addition of thirty (30)* new Medicare certified nursing home beds for a total of ninety (90) beds. The project is part of a continuum of care program which will offer in addition to the ninety (90) bed nursing center, assisted living units specializing in dementia care. The project cost is \$14,449,438.00. *These beds were subject to the 125 Nursing Home Bed Pool for 2010-2011.

Dan H. Elrod, Esq. and Bruce K. Duncan, Assistant Vice President, were present.

Mr. Lammert moved for approval of CN1007-030A for the request for a twelve (12) month extension of the expiration date from December 1, 2012 to December 1, 2013. Ms. Weaver seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Jordan, Wright, Doolittle, Lammert, Johnson, Gaither, Weaver, Haik, Southwick, Koella

NAY: None

CONTESTED CASES

Mr. Christoffersen provided an update on the following contested cases:

- 1. East Tennessee Radiation Therapy Services, CN1108-030A, Docket No. 25.00-115208J -- The trial date has been scheduled for January 14 18, 2013.
- 2. Middle Tennessee Rehabilitation Hospital, LLC, CN1012-055D & HealthSouth Rehabilitation Hospital of Williamson County, CN1012-059A, Docket No. 25.00- 111868J Date has been scheduled for oral argument in the Davidson County Chancery Court heard on September 27, 2012. (Reminder: The ALJ issued an Initial Order with the same result as the HSDA's decisions on the applications.)

MINUTES

The May 23, 2012 minutes were accepted by unanimous voice vote.

OTHER BUSINESS

Dan H. Elrod, Esq. expressed his appreciation to Mr. Koella and Mr. Lammert, as well as the other board members for their service and dedication to the process. Bill West, Esq. agreed. Mr. Southwick also stated his appreciation to Mr. Koella and Mr. Lammert.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

MMH/mab

* Minutes provide only a brief staff summary of the meeting and are not intended to be an all-inclusive report. The HSDA maintains a <u>detailed</u> record of each meeting (recording and transcript) that is available upon request by contacting the HSDA office at 615-741-2364.